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BOMBAY BRANCH
OF THE
ROYAL ASIATIC SOCIETY.
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No 24 of 1879.

EAST INDIA (CLAIMS FOR RECRUITS, &c.).

C.X-21-52

RETURN to Two Orders of the Honourable The House of Commons, dated 16 August 1878;—*for*,

COPY "of the DOCUMENTS referred to in the TREASURY MINUTE of the 2nd day of July 1878, relating to CLAIM of the WAR OFFICE against the INDIA OFFICE."

COPY "of the REPORT of the COMMITTEE over which Mr. *Bouverie* Presided, and dated the 1st day of June 1875, relating to CLAIMS of WAR OFFICE against INDIA."

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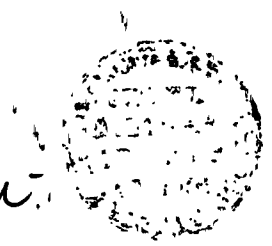

(*Sir George Balfour.*)

Ordered, by The House of Commons, *to be Printed*, 16 *December* 1878.

BOMBAY BRANCH
OF THE
Royal Asiatic Society.
CLASS
14.

COPY of the DOCUMENTS referred to in the TREASURY MINUTE of the 2nd July 1878, relating to CLAIM of the WAR OFFICE against the INDIA OFFICE.

EFFECTIVE CHARGES PAID IN ENGLAND ON ACCOUNT OF HER MAJESTY'S TROOPS SERVING IN INDIA.

CLAIM of the WAR OFFICE against the INDIA OFFICE.

TREASURY MINUTE, dated 2nd July 1878.

THE Chancellor of the Exchequer reads to the Board the 127th paragraph of the First Report of the Committee on Public Accounts, presented to Parliament in the Session of 1877.

The Committee, commenting upon the account of charges defrayed by the War Office on behalf of India, remark that the evils to which they call attention are but the natural results of the state of arrears into which the accounts between India and the War Office have fallen. They add that they cannot too strongly express their opinion that it is absolutely necessary that an early agreement should be come to, both as to the amount for past years and also as to the basis of charge for the future.

The Chancellor of the Exchequer states that he concurs with the Committee. Delay, protracted over a period of eight or nine years, in adjusting accounts of public expenditure, brings the administration of Her Majesty's service into discredit, and is but too likely to lead to irregularity. Since the presentation, therefore, of the above-mentioned Report to Parliament he has used his best endeavour, in conjunction with the late and present Financial Secretaries of the Treasury (Colonel Stanley and Sir H. S. Ibbetson), to lay down the basis of an arrangement which would be acceptable both to the Secretary of State for India in Council and to the Secretary of State for War, and which would enable the Board of Treasury to inform Parliament, through the Committee on Public Accounts, that past accounts had been closed, and that measures had been taken for adopting such a principle of adjustment in future as would prevent the recurrence of the protracted discussion and fruitless negotiation attending adjustment upon minute investigation of actual charges.

The Board are well aware of the difficulties which are invariably encountered in the transaction of business between the Imperial and the Indian Governments. They are quasi-independent Powers; and there is no generally accepted definition of Imperial, as compared with Indian, services; there is, therefore, a disposition on the part of the authorities on each side to advance claims which those on the other side cannot accept, while no arbiter has been provided whose decision between the conflicting parties must be final. The question at issue requires, moreover, the most careful consideration on the part of the Board, because there is an impression in the public mind that the Imperial Government demands too much from India. This impression is justified or not, accordingly as the theory of Imperial duty to India is extended or contracted. It is formed, no doubt, in great measure on the evidence given by Indian witnesses before Committees on Indian affairs, and it may be questioned whether a complete exposition of the relations between the two Governments would not modify it; there can, however, be no doubt of its existence, and perhaps a better general statement of the question cannot be found than that contained in the following extracts from the Report of the Select Committee of the House of Commons appointed to inquire into charges payable in this country for which the revenues of India are liable:—

"1. Your Committee have received an impression . . . that charges have in some instances been imposed upon India which ought to have been borne by England. Your

Committee have, however, been assured by various witnesses that a very general desire prevails among the different English Departments not to throw any charge upon India improperly. Your Committee cannot too strongly insist on the importance of securing for India strict impartiality in all her financial arrangements with this country, and they agree in the opinion which was very emphatically expressed by the Marquis of Salisbury, that the most effectual way of securing financial justice for India is for the House of Commons to be constantly watchful on her behalf.

"2. Your Committee cannot lay down too strongly the position that the English estimates ought not to be relieved at the expense of the Indian revenues, but that the Secretary of State for India in Council has the constitutional right of refusing to pay for objects in which he considers that India has no interest. At the same time India, as a component part of the Empire, must be prepared to share in the cost of a system the expense of which may be enhanced for Imperial purposes.

"3. Your Committee have found that there has been, and is, considerable difference of opinion between the two great Departments which conduct the military and Indian affairs of the Empire, both generally as to the proportion of the charges which ought to be borne by India, and in particular with respect to the items which should be taken into account.

"4. It has been attempted to settle these differences by means of a Committee composed of permanent officers of these two Departments; but although the labours of this Committee have resulted in presenting the points of difference in a clear light, yet no agreement has been finally arrived at. Your Committee have been informed that, with a view to settle these differences, an independent authority is to be added to the Departmental Committee, for the purpose of bringing the questions thus stated to some satisfactory solution. Your Committee have been informed, in the course of their inquiry, that steps have been taken to supply this obvious want, and that the Government have secured the co-operation of Mr. Bouverie, a former Member of your House, as President of this Committee. Your Committee hope that the deliberations of this Committee will assist the heads of the English Departments and the Secretary of State for India to come to conclusions upon the charges in dispute satisfactory both to England and to India.

"5. Your Committee suggest that in the interval before next Session the Departmental Committee should, under the supervision of the President, continue the inquiries into all the details of charges which are now incurred by the War Office on behalf of Indian interests, and for which charges Indian interests are considered liable. Your Committee would indicate some of the heads which appear to need special investigation, such as the strength of depôts, and the ranks composing these depôts, and whether recruits are sent to India with much less training than the agreed-on period. Your Committee would also urge a further investigation into all the items of charge making up the total cost of recruits, especially with regard to the large addition of one-third to the cost for deaths, desertions, &c. Your Committee would also advise an inquiry into the mode of adjusting claims of the War Office against Indian revenues arising subsequently to the 31st March 1872, there being no arrangement as yet fixed on as to the final adjustment of charges for effective services. Your Committee would also advise an inquiry into the arrangements for adjusting the non-effective charges, and whether the retiring pay, pensions, and other charges of this nature should be adjusted by the contribution of a lump sum, or whether the actual charges for pensions based on the actual service rendered to the Imperial and Indian Governments should be followed for settling these claims.

"6. It would be impossible for your Committee to pronounce an opinion of any value upon these details, especially at a time when so much of our military policy is new and scarcely tried, and must for some years to come be more or less tentative. They would, however, suggest that the payments from India should be as much as possible in the form of fixed rates for particular charges, for the obvious purpose of avoiding frequent reopening of accounts, the delays in settling claims which have led to the serious evil of the accounts having been presented to Parliament without certificate from the Auditor that the payments have been allowed, as well as the inconvenience which might arise from any sudden change of policy in either Administration. They think that such sums should be, in the first instance, arrived at by careful computation; but that when once fixed they should continue without alteration for as many years as may be deemed advisable."

The Chancellor of the Exchequer would be prepared to accept the definition of Imperial and Indian charges contained in the second paragraph of the passage cited, provided there were some satisfactory method of deciding between the Imperial Government and the Indian Government in cases where the former asserts, but the latter denies, the presence of an Indian interest. He agrees further with the suggestion that the payments from India should be as much as possible in the form of fixed rates for particular charges, for the obvious purpose of avoiding frequent reopening of accounts; but he thinks

thinks that the experience of past years points to an extension of this principle further, probably, than the Committee intended, and that the only solution of the difficulty under consideration will be found in a return to the charge of a capitation rate per man fixed after careful consideration.

The Chancellor proceeds to lay before the Board the following documents showing the steps which have been taken in order to arrive at an understanding with the Secretary of State for War and the Secretary of State for India in Council, and the results which have been obtained.

"1. Memorandum by Colonel Stanley, dated Treasury, December 1877, reviewing the history of these charges for the last 50 years, and proposing a course of proceeding for the settlement of the past and of the future claims.

"2. Memorandum drawn up in the India Office, dated the 21th December 1877, stating the India Office view as to the Home charges for effectives and also for non-effectives.

"3. Letter from Mr. Welby to the Chancellor of the Exchequer, dated 17th December 1877, commenting on Memorandums 1 and 2.

"4. Copy of the Auditor General's Report on the appropriation of the sum voted by Parliament in repayment of the War Office charges to 31st March 1877, dated 31st January 1878, showing a balance due by India of 412,246*l.*

"5. Letter from Sir H. Selwin-Ibbetson, the Financial Secretary to the Treasury, to the Secretary of State for India, dated 14th June 1878, suggesting a settlement of the accounts to 31st March 1879 (past and current), on the principle of accepting as final payments the sums already paid, or agreed to be paid, by the Indian Government, and a capitation rate from that date for the future, as a fair concession, and proposing to defer the question of the non-effective charges for the present.

"6. Letter from Lord Cranbrook, dated 15th June, stating that he is consulting his Council on this matter.

"7. Minute of Lord Cranbrook to his Council, dated 15th June, laying before them the preceding Papers 1 and 5.

"8. Minute of the Secretary of State for India in Council, dated 18th June 1878, based on a recommendation of the Finance Committee, agreeing to the proposals of the Secretary to the Treasury, but basing the capitation rate of the future on actual numbers in India.

"9. Letter from Lord Cranbrook to the Secretary to the Treasury, dated 18th June, enclosing the Minute of the Indian Council.

"10. Memorandum of discussion in the Chancellor's Room on Friday, 21st June.

"11. Minute from War Office as to mode of carrying into effect the decision of the Chancellor as to the past accounts.

"12. Memorandum by Mr. Welby to the Chancellor of the Exchequer, commenting on the War Office Minute.

"13. Memorandum of discussion at the Treasury on the 29th June.

"14. Minute from the War Office as to the mode of carrying out the Chancellor's decision regarding the future accounts.

"15. Memorandum by Mr. Knox upon the War Office Minute, No. 14."

Sir Stafford Northcote states that the first step towards a settlement was taken in August last when the Secretary of State for India proposed to the Cabinet that in cases where disputes may arise between India and some other Department as to the charges to be made and recovered, a Committee of five members of the Privy Council should be appointed to decide the matter, their decision being regarded as final. This Committee was to be constituted as follows:—

One member to be nominated on the recommendation of the Chancellor of the Exchequer;

One on that of the Secretary of State for India in Council;

Three, of whom at least one should be a member of the Judicial Committee, on the recommendation of the Lord Chancellor.

This proposal was circulated to the various offices, and was assented to in principle by all of them; but the Colonial Office asked that, in cases where they are concerned, the Secretary of State for the Colonies should nominate one member.

The Chancellor was led, on further consideration, to doubt whether such

a tribunal would be effective; he suggested accordingly that the subject should be further considered, and he requested Colonel Stanley, then Financial Secretary of the Treasury, to take up the subject on the part of the Treasury. The result will be found in the Memorandum of December 1877, now laid before the Board. About the same time the Secretary of State for India in Council caused a Memorandum to be prepared explaining the views of the India Office. This paper is also among those presented to the Board.

Their Lordships will observe that both of these Memoranda point to the same solution of the difficulty as regards the past, viz., that past accounts should be adjusted on the basis of actual payments. In other words, that the sum paid in past years into the Imperial Exchequer should be taken in full discharge of the claims of the Imperial upon the Indian Government in respect of the effective charges paid in England on account of Her Majesty's troops serving in India.

The Chancellor of the Exchequer adds that a suggestion to adopt this basis of settlement was recently made on his behalf by Sir H. Ibbetson to the Secretary of State for India in Council, and that the Secretary of State laid the suggestion before his Finance Committee, which passed the following Minute:—

> "On the understanding that the proposition of Sir H. S. Ibbetson is that the advances made on account of the effective services of Her Majesty's regiments on the East India Establishment, in each year from 1870–71 to 1877–78, and the estimated sum of 530,000 *l.* for the year 1878–79 will be accepted by the Treasury in full discharge of all claims of the War Office on that account up to the 31st March 1879, the Finance Committe recommend that the proposition be adopted."

The proposal was adopted by the Council of the Secretary of State.

The Chancellor states that he has since been in communication with the Secretary of State for War, who agrees that the proposal to adjust past and current accounts on the principle embodied in the above-quoted paragraph of the Minute of the Finance Committee of the Secretary of State for India subject to a limitation hereafter mentioned, should be adopted.

The Chancellor having therefore assured himself of the concurrence of all parties concerned in a settlement of the past and current accounts, strongly recommends to the Board that they should accept the sums paid or agreed to be paid on account of the effective services of Her Majesty's regiments on the East India Establishment from 1870-71 to 1878-79, both years inclusive, in full discharge of all claims of the Secretary of State for War on that account up to the 31st March 1879, subject to the following modifications, viz., that the cost of stores, arms, accoutrements, clothing, and the charges for officers and non-commissioned officers of the Royal Engineers should be still settled in actual bills.

Before recommending the arrangement to the Board, the Chancellor has thought it his duty to ascertain, so far as materials already collected permit, the financial results which it would involve.

He finds on reference to the Report of the Comptroller and Auditor General on the account of the vote for charges defrayed by the War Office for India in 1876–77, that the balance claimed by the War Office as still due to the Exchequer for the years 1870–71 to 1876–77, both inclusive, amounts to 412,246 *l.* 11 *s.* 8 *d.*, from which should be deducted the claim of 21,635 *l.* on account of Royal Engineers, settled by direct claim of the War Office on the India Office, leaving a net balance of 390,611 *l.*, claimed by the War Office.

On the other hand the India Office dispute the correctness of a large part of the said balance. The amount, however, of their objection has not been ascertained. The Chancellor believes that the War Office would not be indisposed to concede a claim which the India Office put forward in respect of the charge for soldiers of above a certain period of service, and that this concession would amount, according to the computation of the Accountant General of the War Office, to about 150,000 *l.* If this amount be deducted from the above-named sum of 390,000 *l*, claimed by the War Office, it leaves a net balance due to the War Office of 240,000 *l.* The India Office, however, dispute other items amounting to a considerable sum, and Sir T. Seccombe

expresses

expresses it as his opinion, given merely as an estimate, that the settlement proposed involves the foregoing by the Imperial Exchequer of a claim which India might admit, varying from 50,000 *l.* to 130,000 *l.* The net War Office claim has been stated at 240,000 *l.*, the mean amount which Sir T. Seccombe is able to concede is 90,000 *l.*, and the actual amount which the Imperial Exchequer will forego for the period to 31st March 1877, lies between these two sums. After consultation with the War Office and India Office the Chancellor of the Exchequer came to the conclusion that the Estimates for 1877-78 and 1878-79 are probably fairly accurate, and that they would leave no large amount of balance in dispute, and he inclines to think that the settlement which he recommends, and which the War Office and India Office concur in, will involve a surrender by the Imperial Government of a sum to which it could establish its claim, varying from 100,000 *l.* to 150,000 *l.*

Looking at the condition of India at the present moment, the Chancellor is prepared to defend a settlement of account on this basis, although it involves so large a concession to India. It will, at all events, not be alleged on the present occasion that the Imperial Government has been too exacting; and as a compromise must involve a surrender on one side or the other, Sir Stafford Northcote thinks that Parliament would rather, in present circumstances, that the surrender should be made by the Imperial Government to India than the reverse.

Passing now to the future, the Chancellor of the Exchequer remarks that the Finance Committee of the India Council recommend that the suggested compromise of an annual rate of 6 *l.* 10 *s.* per man, of all arms in India, the numbers to be determined by the average of 12 monthly muster rolls, including all ranks, be agreed to, as a settlement of all effective charges by the War Office on account of India for future years, and that the arrangement should continue for a term of 10 years, commencing from 1st April 1879.

The Chancellor of the Exchequer is somewhat averse to adopting a fixed rate per man without some further inquiry. He would accordingly propose that a Commission should be appointed jointly by the India Office, War Office, and Treasury, upon the basis contemplated by Colonel Stanley in his Memorandum of December 1877, to fix the capitation rate to be paid per man in future, and that the rate so fixed should be in force for a certain number of years and then be subject to revision.

The Chancellor of the Exchequer cannot advise that a revision of non-effective arrangements be made at present.

My Lords concur.

Send copies to the War Office and India Office with reference to previous correspondence, and say that my Lords would be glad to learn that the proposals contained in the Minute meet with the approval of the Secretary of State for War and of the Secretary of State for India in Council. Send copy also to the Comptroller and Auditor General for his information.

Let a copy of the Minute also be communicated to the Committee on Public Accounts.

APPENDIX.

No. 1.

Colonel Stanley's Memorandum.

Chancellor of the Exchequer,

1. You are aware of the difficulties which have arisen at sundry times within the last few years between the War Office and the Indian Government with respect to the repayment of War Office charges by India. I now submit, as briefly as possible, the substance of remarks which were to have formed the groundwork of a larger Memorandum, but which, as they will probably come before the Cabinet, I thought it necessary at this time to abridge as much as possible.

2. From 1824, under the Act of 4 Geo. 4, accounts of all the Home charges incurred on account of India were rendered. They were prepared, I believe, from the pay lists and other accounts, furnished to the War Office, and were consolidated by a Department at the Treasury, who sent the accounts to the old Board of Control, from whence they were transmitted to Leadenhall-street, and the amount recovered from the India Company was paid into the Treasury. That system went on, apparently, without material variation, until the time of the mutiny in 1857. The changes caused by the abolition of the East India Company, under the Act of 21 & 22 Vict. c. 106, naturally led to a reconsideration of arrangements; but the first Committee which assembled, consisting of members from the Treasury, from the India Office, and from the War Office, was that which was called Sir Alexander Tulloch's Committee, and which assembled in 1861. They investigated the subject of the Home charges for India on the base of the actual expenditure and payments during 24 years prior to the mutiny of 1857, and came to the conclusion that a capitation rate on each effective soldier in India should be paid at such sum as would serve to repay the keeping up the forces. Their calculation was 11 *l.* 1 *s.* 6 *d.* for each infantry soldier; 15 *l.* 16 *s.* for each cavalry soldier; 23 *l.* 13 *s.* for each artillery soldier. But this charge appears never to have been actually levied, for whilst Sir Alexander Tulloch's Committee was still engaged in its inquiries, the Government accepted a rate of 10 *l.* a man for all arms. This capitation rate was renewed provisionally, and as a matter of fact appears to have lasted up to the year 1870. But in 1868–69, the Committee known as Mr. Seccombe's Committee was appointed, that Committee consisting of two officers of the India Office and two officers of the War Office, and this, with some change in the persons, still exists.

3. Upon the motion of Mr. Fawcett, a Committee was appointed in 1871 to inquire into the subject of East India Finance, and they took some evidence with regard to Home charges for the Indian army; but the general election of 1874 practically put an end to the Committee by the change caused in the constitution of its members. On the 20th April 1874, a Select Committee of the present Parliament was appointed "to inquire into charges payable in this country for which the revenues of India are liable." As will be seen by their Report, they restricted their inquiry to the heads relating to military expenditure. These, however, they fully investigated, and in their Report of the 28th July 1874, the following paragraphs occur. I quote *in extenso.* That Report indicates the policy deliberately accepted by the representatives of the Government.

3*a.* "Your Committee have received an impression . . . that charges have in some instances been imposed upon India which ought to have been borne by England. Your Committee have, however, been assured by various witnesses that a very general desire prevails among the different English departments not to throw any charge upon India improperly. Your Committee cannot too strongly insist on the importance of securing for India strict impartiality in all her financial arrangements with this country, and they agree in the opinion which

which was very emphatically expressed by the Marquis of Salisbury, that the most effectual way of securing financial justice for India is for the House of Commons to be constantly watchful on her behalf.

3*b*. "Your Committee cannot lay down too strongly the position, that the English estimates ought not to be relieved at the expense of the Indian revenues, but that the Secretary of State for India in Council has the constitutional right of refusing to pay for objects in which he considers that India has no interest. At the same time India, as a component part of the Empire, must be prepared to share in the cost of a system, the expense of which may be enhanced for Imperial purposes.

3*c*. "Your Committee have found that there has been and is considerable difference of opinion between the two great Departments which conduct the military and Indian affairs of the Empire, both generally as to the proportion of the charges which ought to be borne by India, and in particular with respect to the items which should be taken into account.

3*d*. "It has been attempted to settle these differences by means of a Committee composed of permanent officers of these two Departments; but although the labours of this Committee have resulted in presenting the points of difference in a clear light, yet no agreement has been finally arrived at. Your Committee have been informed that, with a view to settle these differences, an independent authority is to be added to the Departmental Committee, for the purpose of bringing the questions thus stated to some satisfactory solution. Your Committee have been informed, in the course of their inquiry, that steps have been taken to supply this obvious want, and that the Government have secured the co-operation of Mr. Bouverie, a former Member of your House, as President of this Committee. Your Committee hope that the deliberations of this Committee will assist the heads of the English Departments and the Secretary of State for India to come to conclusions upon the charges in dispute satisfactory both to England and to India.

3*e*. "Your Committee suggests that in the interval before next Session the Departmental Committee should, under the supervision of the President, continue the inquiries into all the details of charges which are now incurred by the War Office on behalf of Indian interests, and for which charges Indian interests are considered liable. Your Committee would indicate some of the heads which appear to need special investigation, such as the strength of depôts, and the ranks composing these depôts, and whether recruits are sent to India with much less training than the agreed on period. Your Committee would also urge a further investigation into all the items of charge making up the total cost of recruits, especially with regard to the large addition of one-third to the cost for deaths, desertions, &c. Your Committee would also advise an inquiry into the mode of adjusting claims of the War Office against Indian revenues arising subsequently to the 31st March 1872, there being no arrangement as yet fixed on as to the final adjustment of charges for effective services. Your Committee would also advise an inquiry into the arrangements for adjusting the non-effective charges, and whether the retiring pay, pensions, and other charges of this nature should be adjusted by the contribution of a lump sum, or whether the actual charges for pensions based on the actual service rendered to the Imperial and Indian Governments should be followed for settling these claims.

3*f*. It would be impossible for your Committee to pronounce an opinion of any value upon these details, especially at a time when so much of our military policy is new and scarcely tried, and must for some years to come be more or less tentative. They would, however, suggest that the payments from India should be as much as possible in the form of fixed rates for particular charges, for the obvious purpose of avoiding frequent re-opening of accounts, the delays in settling claims which have led to the serious evil of the accounts having been presented to Parliament without certificate from the Auditor that the payments have been allowed, as well as the inconvenience which might arise from any sudden change of policy in either Administration. They think that such sums should be, in the first instance, arrived at by careful computation; but that when once fixed they should continue without alteration for as many years as may be deemed advisable."

4. The Committee to which reference was made, as being under the presidency of Mr. Bouverie, assembled in November 1874, and presented their Report to the Secretary of State for War on the 1st June 1875; but up to the time when I left the War Office in August last, and I believe even up to this date, the matters in dispute have not really progressed much nearer to a settlement.

5. On the 2nd August 1877, the Secretary of State for India proposed to the Cabinet that, in cases where disputes might have arisen between India and some other department as to charges to be made and recovered, a Committee of five members of the Privy Council should be appointed to decide the matter, their decision being regarded as final. This Committee was to be constituted as follows:—

One member to be nominated on the recommendation of the Chancellor of the Exchequer.

One on that of the Secretary of State for India in Council.

Three, of whom at least one should be a member of the Judicial Committee, on the recommendation of the Lord Chancellor.

6. This proposal was circulated to the various offices, and has been assented to in principle by all of them; but the Colonial Office asked that, in cases where they are concerned, the Secretary of State for the Colonies should nominate one member.

7. With great deference to the high authority on which this Committee was proposed and accepted, I venture to submit that there are practical difficulties which will be found to occur in its working, and to ask whether, even now, at the eleventh hour, another arrangement is not preferable.

The objections seem to me to be these:—

(1.) Is the Committee to be consultative or administrative?

(2.) Is it to be specially appointed for each case which may come into dispute, or is it to sit *en permanence* as a council of arbitration?

8. If it is to be appointed *ad hoc* in each case, it will presumably change in character, and upon intricate subjects, such as are likely to be brought before it, much time may be wasted in imparting to the members the information necessary for them to form their judgment. If it is to sit *en permanence*, it is difficult to see how the requisite time can be spared by members of the Privy Council, who must necessarily be of high standing. High standing I assume to be requisite, for the proposal of the Secretary of State for India amounts to this, that on certain questions five Privy Councillors are to hold the balance between two Secretaries of State when the latter cannot agree. Can this be done by any but members of the Cabinet? Questions in dispute (*vide* East India Finance Committee, 1874) are frequently based on policy. Can policy be settled outside the Cabinet, without subversion of all past constitutional principles, and without throwing aside the authority of the executive Ministers? These are some of the difficulties which occurred to me, and they seem so serious that, as I have already said, I am tempted to ask whether the question cannot be reconsidered. If so, what proposal can be made in its place? for it is clear that present arrangements cannot go on.

9. The present system is full of difficulties, and it is doubtful whether even the ablest committee of decision would arrive at a settlement altogether satisfactory. Lord Cardwell appears, in his evidence given before the East India Finance Committee on the 12th June 1874 (Question 1237), to have looked forward to a time when the working of the system which he had established in 1870-72 would result in arrangements which would be more economical, both to the United Kingdom and to India. Not only, however, does my late experience at the War Office lead me to suppose that such would not be the case, but the tendency of various changes which have necessarily been made in the Army within the last few years renders it probable that the expense thrown upon India has by no means reached its maximum. It is hardly possible as yet to foretell with accuracy how far the system of short service and reserves will ultimately operate as regards expense towards India, but I entertain little doubt that it will cause considerable expense. There is also the annually increasing charge for deferred pay, given to the non-commissioned officers and men by the Warrant

Warrant of 1877, which will cause a large and increasing charge to be thrown upon India for some years. From a Parliamentary Return which was laid upon the Table of the House last year it will be seen that, assuming the factors to remain the same, the ultimate maximum charge upon India will be reached in the year 1897-98, when it will amount to the sum of 170,000*l.*

10. Now, these figures involve serious considerations, and though I am not in a position to say how far the growth of the Indian revenues may correspond to the increase of military charges, it may, I think, be assumed with little doubt that beyond a certain point she cannot assent to the imposition of further military burdens. Not only will every item in dispute be fought over with increasing pertinacity as the pressure becomes more distinctly felt in the Indian Exchequer, but it is by no means unlikely to raise other considerations which might seriously endanger Imperial interests. It seems, therefore, by no means impossible that, unless the Indian revenues can meet our military charges, a time must come when India will ask us *in formâ pauperis* to relieve her of a portion, at all events, of the military expenditure.

11. There is another consideration scarcely less serious. The present system, requiring as it does the consent of India to changes even at home which tend to throw charges upon her, causes serious delay, and in war would have either to be set aside or might prove a fruitful source of disaster.

12. Taking into consideration these grave issues, I am inclined to submit that we should revert to the system of a fixed rate; and that India should pay a lump sum adjustable (say) every five or ten years.

The normal strength of the troops might be estimated with some approach to accuracy, and the rate should be based upon the average force employed. This would be the arrangement for the future.

13. I will now take the difficulties which have to be dealt with meanwhile. The position appears to be this: actual charges have been accepted as the basis of the arrangement in force for the last seven years, but the data have never been finally adjusted, and I have reason to believe that a settlement upon the grounds recommended by Mr. Bouverie's Committee would be demurred to by the auditors of the India Office. The India Office do not admit the validity of some of the charges. On the other hand, the War Office consider that they are in a position to establish satisfactorily the claims which they have made. We appear, therefore, to have come to a deadlock. I do not, for my own part, see how we can forego these charges as matter of account, but, with some reserve, I must record my opinion that the system of actual charge exacts too much.

14. I recommend that we should make the following proposals to the India Office:—

(1.) That they should adjust their military accounts upon the basis of Mr. Bouverie's Report up to (say) 31st March 1879. That the accounts shall then be finally made up so far as the old system is concerned.

(2.) That inasmuch as the same difficulties do not arise in respect of non-effective accounts, the non-effective accounts should for the present, at all events, continue to be adjusted under the same system as they are now.

(3.) That a Committee be appointed (of five Privy Councillors, if it is thought desirable) to inquire and determine what India shall contribute up to her means in settlement of the account up to 31st March 1879.

(4.) That arrangements should be made to close these accounts finally upon the 31st March 1879, and that the balances should then, under the authority referred to hereafter, be written off.

(5.) That a Commission should be appointed meanwhile to determine what should be the normal force to be maintained in India for the next five (or 10) years from the 31st March 1879; a settlement of the basis upon which financial questions are to be dealt with after that date might be thus effected.

15. The object of these proposals would be to get the new arrangements fairly in hand before the time arrived for the termination of the old ones. According

to my view, many of the evils which have arisen have been caused by the accounts being overdue. An account for past services is frequently disputed where an estimate for the future would be more easily arrived at. We are in a favourable position for coming to this arrangement at the present time, and I think that the Home Government might even put up with some loss in order to see the matter satisfactorily settled. According to the India Office figures, in the six unsettled years ending 31st March 1876, the War Office claim was 2,622,000 *l.* (for sums payable to the Exchequer). The India Office demurred to 166,000 *l.* The net claim which it is presumed may be taken as practically admitted was 2,456,000 *l.* The sum paid to the Exchequer during those years amounted to 2,490,000 *l.* If, therefore, the Imperial Government insist on their claim, there would be a balance of 132,000 *l.* due from India, whereas if the Indian Government substantiate their claim in the entirety, there is a balance of 34,000 *l.* repayable to India.

16. I do not presume, without any definite data, to fix the exact point at which we should draw the line, but I do not think that even if it were drawn somewhat inclining towards relief to India, the loss of money to this country would be more than balanced by the advantage of a settlement. India would thus obtain a sensible remission, but it will be worth while for these reasons:—

(1.) All adjustments of the Home establishment, even though involving depôts of regiments in India, would be under the complete and undivided control of the Home authorities.

(2.) India would know what she had to pay.

(3.) There would be certainty as to the amount to be received from India, and this from a Treasury point of view is no slight consideration.

(4.) There would, it is to be hoped, be little room for conflict between Departments.

17. I believe only in this way can these complicated accounts be adjusted. The India Office might be less reluctant to accept principles to which they now rightly demur when such principles concern an unlimited future, if they felt sure that their application would be for a limited period.

It is my own belief that an Act of Parliament would probably be advisable, if not necessary, to ratify these proceedings. The question is one which has frequently been before the public both inside the House of Commons and otherwise, and though some discussion might ensue, I do not think it would be of a nature to raise any serious difficulty. I cannot absolutely say that the separate financial powers of the India Office and its auditors could not be effected in any other way; but the matter is one of such large dimensions and has been so fruitful of controversy, that I do not think that an Act of Parliament would be a means disproportionate to the end to be obtained. I am aware that many technical objections will be raised by both the Departments concerned. It is for the Secretaries of State and for the Cabinet to say whether they think a settlement can be arrived at upon the lines which I have indicated. I should be prepared, if you thought it desirable to follow this matter further, to submit further details if the general principles meet with approval.

18. I have so far referred only to the question between the India Office and War Office, but if the mode of procedure were approved, it might be applied with some modifications to the other unsettled claims which have so constantly arisen between the India Office and the Foreign Office, in connection with China, the Persian Mission, &c.

(signed) *Fred. Stanley.*

December 1877.

No. 2.

India Office Memorandum.

In order to avoid dispute and delay, and at the same to give the War Office undisputed control over all Military Establishments in this country, the following proposals are made for the adjustment of the claims of the War Office upon the revenues of India for the services of Her Majesty's regiments:—

The claims at present made by the War Office for Effective and Non-effective Services of Her Majesty's regiments serving in India are exceedingly heavy, and their pressure is aggravated by uncertainty as to the amount for which India is or may be liable, and by the delay which occurs in adjusting the claims.

Effective Services.

From the year 1861-62 to 1869-70, the claims were settled by payment of a rate suggested by a Committee (Sir A. Tulloch's) of 10 *l.* per man on the effective strength of Her Majesty's regiments in India.

From 1870-71 to 1872-73, the claims are to be settled according to a price per man, for regiments and recruits, as proposed by a Committee (Mr. Seccombe's) appointed for that purpose.

From 1873-74 to 1876-77, the claims are to be adjusted by a payment of a rate per man, for each soldier, added to certain actual or estimated charges for Depôt Establishments. These charges were determined by another Committee (Mr. Bouverie's), which adopted for 1873-74 and 1874-75 some of the rates arrived at by Mr. Seccombe's Committee.

The rate of 10 *l.* per man included all expenses on account of regiments and recruits for India, and for maintaining them until arrival there, and after embarkation from India, except transport, passage-money (including messing), clothing, arms, accoutrements, or other stores, and any expenses chargeable to India for the instruction of officers of the Royal Artillery, Royal Engineers, or medical service.

From the year 1870-71, some of the charges previously included in the 10 *l.* rate have been paid directly at the India Office.

The following Memorandum shows the sums claimed by the War Office, the sums objected to by the India Office, and the amount paid or advanced in each year on account of Effective Services:—

YEAR.	Officers and Men in India according to the Average of Twelve Monthly Muster Rolls.	Paid to the Imperial Government.	———
		£.	
1861-62 - - -	58,438	584,380	Being at the rate of 10 *l.* per man.
1862-63 - - -	69,586	695,860	
1863-64 - - -	68,745	687,450	
1864-65 - - -	69,313	693,130	
1865-66 - - -	65,140	651,400	
1866-67 - - -	61,917	619,170	
1867-68 - - -	56,831	568,310	
1868-69 - - -	58,431	584,310	
1869-70 - - -	59,714	597,140	

YEAR.	Average Effective Strength of Officers and Men in India, compiled from Returns by the Adjutant General in India.	Claimed by Imperial Government (a). Paid direct at India Office (*b*).	Sums objected to by the India Office.	Amount advanced by India Office to Imperial Government.	
		£.	£.	£.	
1870-71 - -	58,987	(a) 486,684 (*b*) *150,299*	58,973*	505,000	* Nearly the whole amount objected to by the India Office relates to a charge for old soldiers as recruits.
		636,983			
1871-72 - -	60,605	(a) 444,512 (*b*) *166,568*	47,557*	435,000	
		611,080			
1872-73 - -	62,091	(a) 388,611 (*b*) *146,315*	27,460*	450,000	
		534,926			
1873-74 - -	62,166	(a) 403,770 (*b*) *142,012*	12,587*	400,000	
		545,782			
1874-75 - -	62,443	(a) 406,163 (*b*) *130,779*	11,152	380,000	The sums charged by the War Office in these years for Cavalry, are estimates only, and the actual charge will be probably larger in each year.
		536,942			
1875-76 - - (The last account rendered.)	61,562	(a) 442,385 (*b*) *134,284*	8,000	320,000	
		576,669			

The capitation rate of 10 *l.* comprised expenditure under the following heads, shown separately above as (a) and (*b*):

(a.) Now paid by the War Office.

Pay of colonels of regiments of cavalry and infantry; advances to officers and men on passage to India, and pay of officers and men on passage from India, exclusive of those who proceed to, or return from, India with regiments or batteries; pay of invalids; charge for barrack accommodation; hospital supplies and staff expenses at Netley; charge for drafts embarked, and for difference of numbers of men on passage with regiments, &c.

(*b*.) Now paid by India Office.

Furlough pay of officers; pay of colonels commandant of artillery; advances to regiments and batteries proceeding to India, and pay during voyage of regiments and batteries returning from India.

The accounts of 1870-71 and subsequent years are still unsettled, the India Office objecting to pay as recruits for soldiers of several years' standing, the assessed charge for the former greatly exceeding that for the latter.

That the payments by India are excessive is argued from the fact that the rate for recruits adopted on the report of Mr. Seccombe's Committee (the recommendations in which were, on the whole, more favourable to India than the 10 *l.* rate, or the mode of settlement recommended by Mr. Bouverie's Committee), were arrived at under the following conditions, viz.:—

For Cavalry Recruits.—The pay of two officers, seven non-commissioned officers, and 10 rank and file for each cavalry regiment, as well as the levy money,

money, free kit, pay, and all allowances of 43 men for 10 months, in order to provide 32 recruits for India.

For Infantry Recruits.—The pay of four officers, 12 non-commissioned officers, and six rank and file for two companies of infantry, as well as the levy money, free kit, pay, and all allowances for 80 men for seven months, in order to provide 60 recruits.

The state of the finances of India renders it necessary to reduce the heavy charges on this account, and to devise some mode of settlement on more precise conditions than the present, and thus to avoid delay in the adjustment.

That object would be most surely obtained by fixing a rate per man on the number of officers and men effective in India, as in the former capitation rate.

The claims of the War Office have been :—

	Effective Strength.	£.	
For 1870–71 - - - -	58,987	486,684	
„ 1871–72 - - - -	60,605	444,512	
„ 1872–73 - - - -	62,091	388,611	
„ 1873–74 - - - -	62,166	403,770	
„ 1874–75 - - - -	62,443	406,163	
„ 1875–76 - - - -	61,562	442,385	
	367,854	2,572,125	Equal to 6 *l.* 19 *s.* 10 *d.* per man.

Objections have been, or will probably be, taken by the India Office to certain items amounting to 165,729 *l.* in the claims for those years. On the other hand, a claim of 20,000 *l.* per annum for educational services, made separately by the War Office, is not included in the figures given above.

The claim by the War Office, after making allowance for objections, some of which have been admitted, would, therefore, not amount to a rate of 7 *l.* per man during the six years above referred to, and a rate of 6 *l.* per man for all charges, except those now paid direct by the India Office for effective services, would, it is submitted, be as much as should be required to be borne by Indian revenues.

Non-effective Services.

The Act 53 Geo. 3, c. 155, 1813, fixed the maximum number of Royal troops in India, for which payment should be made from Indian revenues, at 20,000 men, unless a greater number should be sent on the requisition of the Court of Directors.

In the year 1823 it was arranged between the Court of Directors and the India Board that a sum of 60,000 *l.* a year, apparently calculated at the rate of 3 *l.* per man, should be paid by India in full satisfaction of all claims for retired pay, pensions, &c., in respect of Royal forces having served, or serving in India, and that arrangement was confirmed by an Act 4 Geo. 4, c. 71.

At the instance of the Secretary of State for War, in 1858, a Committee (Sir A. Tulloch's) inquired into the non-effective services, and recommended that, pending a full and complete report on the subject, an average rate of 3 *l.* 10 *s.* per man, calculated on the number of men of all arms effective in India, should be adopted as a temporary mode of adjustment. That proposition was agreed to by the Secretaries of State for India and for War, to commence from the 1st May 1861, and the arrangement was sanctioned by Acts 24 & 25 Vict. c. 89 (1861), and 25 & 26 Vict. c. 27, to be in force until the 31st March 1867, and from that date it was continued to the end of 1869-70 without legislative sanction.

The non-effective charges were included in the reference to Mr. Seccombe's Committee, which recommended that the amount of pensions granted in each year should be ascertained, and the proportion due to service in India be capitalised and paid from Indian revenues, India being thereby relieved from all

further claims on account of such pensions, and being entitled to receive credit for any officers or soldiers who might subsequently be brought on the effective list, and for any widows who might remarry. That recommendation was approved by the Secretaries of State for India and for War.

The charges in each year from 1861-62 to 1874-75 have been as follows :—

	Number of Officers and Men in India.	Amount paid to Imperial Government.	
		£.	
1861-62	58,438	204,533	Capitation rate at 3*l.* 10*s.* per man.
1862-63	69,586	243,551	
1863-64	68,745	240,607	
1864-65	69,313	242,595	
1865-66	65,140	227,990	
1866-67	61,917	216,709	
1867-68	56,831	198,908	
1868-69	58,431	204,508	
1869-70	59,714	208,999	
1870-71	58,987	428,725	Paid on the report of the actuaries appointed to make a valuation of the pensions, &c., granted.
1871-72	60,605	281,148	
1872-73	62,091	318,500	
1873-74	62,166	348,330	
1874-75	62,443	428,841	

The Estimates for 1875-76 and 1876-77 are as follow :—

	Number of Officers and Men in India.	Amount paid to Imperial Government.	
		£.	
1875-76	61,562	500,000	Advances of 350,000 *l.* and 300,000 *l.* respectively, have been made on account.
1876-77	60,708	450,000	

During the last few years the pensions have been exceptionally numerous. It is estimated by the actuaries that for the next two or three years the pensions granted will continue to be abnormally heavy, and that, after that time, the number will decrease, until the short-service system may be expected to produce an important reduction.

We are not in possession of sufficient data for estimating what pensions will be granted during the next 10 or 15 years; but, with reference to the arrangement sanctioned by Parliament in 1823 of a rate equal to 3 *l.* per man, and in 1861 of 3 *l.* 10 *s.* per man, on a proposition made by Sir A. Tulloch's Committee, it is submitted that a rate of 3 *l.* 10 *s.* per man on the number of officers and men of Royal regiments effective in India, in discharge of all claims on account of non-effective services, is fully as high as India should be called on to pay.

It must be borne in mind that since 1870-71, the payments made to the Treasury have been capitalised value of that portion of the pensions granted during the year, which was due to service in India, as well as the capitalised value of certain temporary annuities in the shape of half-pay to officers, and pensions to widows, for the full value of which India will be entitled to credit in the event of the officers being again brought on the effective list, or the widows remarrying. That can hardly be a convenient arrangement for the Imperial, any more than for the Indian Government.

It is important that the annual charge against India should be settled without the necessity for annual calculations, and the adoption of a fixed rate is the obvious mode of effecting that object. Applying the rate of 3 *l.* 10 *s.* per man to the number of men effective in India in each year from 1870-71 to 1876-77, it will be found that an excess has been paid to the Imperial Government, as capitalised value, of 955,579 *l.*, for which India should receive credit during

during the next 10 years. A portion of that capitalised value would thus be annually applied in reduction of the charge to India for subsequent years, until the sum of 955,579 *l.* would be absorbed.

By the adoption of this plan the Imperial Government would be gradually extricated from any inconvenience that might arise from their having received during recent years large sums in the form of the capitalised value of pensions granted in those years, greatly in excess of an average number, and of officers' half-pay aud widows' pensions, the value of some of which they are liable to repay to Indian revenues.

It has been already agreed that claims on account of deferred pay shall be made annually on India, and that arrangement need not be disturbed.

The propositions submitted therefore are,—

That for the year 1877–78 and subsequent years, the claims of the War Office for effective charges (exclusive of charges similar to those now paid direct at the India Office) be adjusted by a payment from Indian revenues of 6 *l.* per man on the number effective in India, as shown by the average of 12 monthly muster-rolls.

That non-effective charges be settled by an annual payment from Indian revenues of 3 *l.* 10 *s.* per man, in full discharge of all claims in respect of pensions granted during each year, calculated on the same data as the effective charges; that this arrangement shall continue for the next 10 years, when the short-service system may be expected to greatly reduce the pensions; and that India be allowed credit for all payments in excess of that rate, made on account of the years from 1870-71 to 1876–77 inclusive, amounting to 955,579 *l.*, as shown below, the allowance due on that account being deducted in 10 equal annual portions from the payments to be made for the years from 1878-79 to 1887-88 inclusive.

Year.	Officers and Men Effective.	Amount Paid to Treasury.	Payment in Excess of 3*l.* 10*s.* per Man.
		£.	£.
1870–71 - -	58,987	428,725	222,271
1871–72 - -	60,605	281,148	69,031
1872–73 - -	62,091	318,500	101,182
1873–74 - -	62,166	348,350	130,749
1874–75 - -	62,443	428,841	210,291
1875–76 - -	61,562	350,000 *	134,533
1876–77 - -	60,708	300,000 *	87,522
			955,579
1877–78 - -	61,000 (Estimated number.)	—†	—

The adjustment would then be as follows for 1878–79 :—

	£.
Assuming the number of men in India in 1878–79 at 61,000, at 3 *l.* 10 *s.* per man - - - - - - - - -	213,500
Deduct on account of the excess of 955,579 *l.*, paid between 1870–71 and 1876–77 - - - - - - - -	95,558
Leaves to be paid by India for 1878–79 - - - £.	117,942

and similarly, according to the number effective, in each subsequent year up to 1887–88 inclusive, when the excess of 955,579 *l.* above referred to would have been absorbed.

All

* Advances on account.

† An advance of 100,000 *l.* has been made on account of the charge for this year.

All pensions granted up to 1887-88 would continue to be paid from Imperial revenues, without any further charge to India, and no credit would be due to India on account of officers again brought on the Effective List, or widows who might remarry.

3 December 1877.

Since this Memorandum was prepared a letter has been received from the War Office, dated the 5th December, in which it is stated that the sums chargeable against the revenues of India, in respect of the Cavalry Depôt at Canterbury, are—

	£.	s.	d.
For the Year 1874–75	52,207	8	–
„ „ 1875–76	54,200	12	–

the charges on that account having been estimated in April last by the War Office at 28,000*l.* for each year.

If this increased charge, viz., 50,408*l.*, be admitted, the total War Office claims for the years from 1870-71 to 1875-76, stated on page , will be increased from 2,572,125 *l.* to 2,622,533 *l.*, and the average from 6*l.* 19*s.* 10*d.* to 7 *l.* 2*s.* 7*d.* per man.

10 December 1877.

No. 3.

Mr. *Welby* on the foregoing Memoranda.

Maple's Hotel, Kildare-street, Dublin,
17 December 1877.

Dear Sir Stafford,

I AM very glad to see the progress made towards a settlement of the question of Indian charges. All parties seem to be agreeing upon a principle that accords with the principle of rough result speedily adjusted, which Parliament has always preferred to exact account delayed until the public has forgotten the year and transactions to which the account relates.

The India Office Memorundum does not, as far as I see, directly recommend an adjustment of the past unsettled accounts upon this principle. The recommendation relates to the future, but we may conclude that they would be willing to extend it to the past, and be glad to close transactions which are not particularly creditable to all the offices concerned.

I will deal with the past first, because I am sure that if that could only be settled it would remove an irregularity in our finance of which Parliament is aware * * * * * *

I take the India Office figures, but before accepting them entirely, I want answers to certain questions, which I send to-day to the Treasury, in order to be sure that we and the India Office are agreed as to facts.

Taking then, for a moment, the India Office figures, I find that in the six unsettled years ending 31st March 1876—

	£.
The War Office claim was (for sums payable to the Exchequer)	2,622,000
The India Office demurred to	166,000
Net claim, which I suppose we may accept as practically admitted	2,456,000
The sum paid to the Exchequer during those years amounted to	2,490,000

If, therefore, the Imperial Government insisted on their claim there would be a balance of 132,000 *l.* due from India, whereas if the Indian Government substantiated their claim there would be a balance of 34,000 *l.*, which you would have to repay to India.

Now is there not here the opportunity for a reasonable settlement upon the basis of accomplished facts, viz., we will make no claim upon India on account of the large balance which our accounts show to be due upon the said six years, and

and India shall make no claim upon us? The result is distinctly favourable to India as a compromise, inasmuch as it is a surrender to them of between 15 and 16 shillings in the pound of what they claim.

Possibly it may be more advantageous to them, because the sums which they strike out may be the total amounts charged on account of these soldiers, whereas the sum to which they demur may only be a portion of that charge, *e.g.*, they may be ready to pay 1 *l.* where the War Office charge 3 *l.*, but pending a settlement they may disallow the whole 3 *l.*

If, then, you were to favour this mode of settlement, I would suggest first of all that we see that the Treasury figures agree with the India Office figures as to estimates and receipts of sums due to the Exchequer in the years 1870–71 to 1875–76; next that we consider how this settlement would affect the years 1876–77 and 1877–78, so that you may not find a mine sprung under your feet; and, lastly, that we should go through the India Office Memorandum with a competent War Office man to see what their objections would be.

I think it would be a very great thing to lay a Minute before the Public Accounts Committee at their meeting, to say that past accounts are closed. I cordially agree with, and entirely subscribe to, Mr. Stanley's views upon this point.

I do not quite understand his meaning when he says, page , paragraph 3, "I do not see how we can forego these charges as matters of account." If it means that we cannot waive a rightful charge, simply because India is poor, but that we may compromise the whole transaction, I should agree; but I should not advise any further discussion of the accounts, when once a compromise has been effected; in other words, as soon as you, Lord Salisbury, and Mr. Hardy agree to the compromise of the past, I should (theoretically) throw the books, in which the detailed charge against India had been kept, into the fire, and stop all further discussion of the past.

I entirely agree with Mr. Stanley's view that the compromise of the past should be continued until the year 1878-79, so as to leave your hands free for the future, and at the same time to leave you leisure to consider the future.

But I would, for prudence sake, only propose in the first instance that the compromise should last until 31st March next, and I would obtain the India Office estimate of sums to be paid to the Exchequer in 1878-79 in the usual manner, and when that was obtained I would suggest the continuation of the compromise. I should do this in order that there might be no new ground of difference between the India Office and the Imperial Government, the same course being pursued for the coming year as heretofore, and the estimate of sums to be paid to the Exchequer being drawn on the same principle.

I entirely agree with Mr. Stanley's proposal of a Committee to deal with the uture; * * * * * * and I think further that the Committee should be instructed to report what amount of contribution should be made by India.

Is there any great difficulty in this? The War Office have, in round figures, been claiming 7*l.* 2*s.* 6*d.* per man (7*l.* 2*s.* 9*d.* is the sum stated by the India Office Memorandum). The India Office offer 6*l.*, *i.e.*, a difference on an average force of 62,000 men of about 70,000*l.* a year.

The average force of the six years 1870-71 to 1875-76 was 61,609 men; on this the India Office would offer 370,000 *l.* round figures, 440,000*l.* War Office would charge, and we have been receiving into the Exchequer 415,000*l.*

But the actual Budget difference would not be more than 45,000 *l.*, because the India Office have never paid up to us as much as the War Office claim.

My idea would be for the next five years to strike a bargain of 6*l.* 10*s.* per man, which would give us 400,000 *l.* a year, which would not be very greatly below the average actual receipts of late years.

If we were to surrender the whole of the amounts to which the India Office objected, in past years the charge would be about 6*l.* 13*s.* per man. If, therefore, we struck the bargain for 6*l.* 10*s.* we should surrender all they asked, and 3*s.* a head more, and I think that would be merciful to India, and would put us in a better position for coming to a settlement for the future which Parliament would approve.

I think it most important that we should not appear grasping at the present moment.

But the cost of the army increases, and I entirely agree with Mr. Stanley that any arrangement must only be for a limited number of years.

I also agree with Mr. Stanley that we should not touch the non-effective at present. I incline to think that 3*l.* 10*s.* per man does not represent fairly the dead pension weight. There is no scandal about the non-effective arrangement. It is fair as far as it goes; it is not in arrear to any unreasonable extent. I have never liked it in itself, because it is too complicated, and, as a simple Treasury question, I have no hesitation in saying that we are taking too much every year into the Exchequer, as part of our income. That, however, is our affair, and you or Mr. Stanley are quite competent for that.

It appears to me that it would be quite sufficient to say to Lord Salisbury, Let us settle one thing at a time; the effective charge is the scandal; let us settle that first.

I have great doubts in my mind whether an Act is necessary to give effect to the compromise for the past, and to the settling for the future of a capitation rate for effective soldiers, on the recommendation of such a Committee as Mr. Stanley proposes.

Yours, &c.
(signed) *R. E. Welby.*

No. 4.

REPORT of the Comptroller and Auditor General on the Vote for Indian Charges defrayed by the War Office.

Object of Vote.

1. THIS Vote is in continuation of that for 500,000*l.*, taken on a Supplementary Estimate for the year 1875-76, to repay to the War Office certain charges which had been defrayed on behalf of India by the Secretary of State for War, from balances in his hands.

Statement annexed to the Account.

2. From the statement annexed to the Appropriation Account it will be seen that the total amount claimed by the War Office in respect of these charges from the 1st April 1870 to the 31st March 1877, amounts to 685,050*l.* 3*s.* 3*d.*, being 15,050*l.* 3*s.* 3*d.* in excess of the sum voted by Parliament; but this amount is necessarily subject to adjustment after the examination of the War Office claim by the Auditor of the Home Accounts of the Government of India. And it would follow that if the objection of the India Department to any sum is substantiated and admitted, this amount would, as an army service not chargeable to India, be properly admissible against the first open Army Vote.

Account uncertified.

3. For the reasons hereafter given, I am unable to affix to this Account my usual certificate of correctness.

Until final settlement, further Vote for deficiency deemed unadvisable.

4. I would point out that, in my opinion, it will be unadvisable to take a further Vote for the deficiency of 15,050*l.* 3*s.* 3*d.* before the amount actually due by India is finally settled, whatever way such settlement may be arrived at. It is manifest that until this is done the real amount of deficiency to be voted, or, possibly, saving to be surrendered, cannot be ascertained. The correct charge against this Vote will be such portion of the amount defrayed from War Office balances as the Indian Government may agree to pay, and the Home Government may consent to accept.

Settlement impossible until final adjustment of the whole claim.

5. It would appear, from Mr. Milton's evidence before the Committee of Public Accounts last Session (Questions 830 and 870), that with regard to the items composing the charges now under consideration, there is no important difference between the Departments concerned; but inasmuch as the War Office claim is of course treated by the India Office as a whole, and it is quite immaterial to that Department from what funds the expenditure was in the first instance defrayed, it follows that no adjustment of that portion which forms the charge against this Vote can take place until a final settlement is arrived at as to the

the amount due in respect of the whole War Office claim on account of the Home Effective Charges of Troops serving in India for the years 1870-71 to 1876-77, amounting in all to 3,302,246 *l.* 11 *s.* 8 *d.*

Detailed examination by Exchequer and Audit Department not desirable.

6. The Committee of Public Accounts for last Session, in paragraph 5 of their Report on the Vote for this service for 1875-76, entirely concurred in my suggestion that it would be desirable to dispense in this case with the detailed examination by my Department of the items composing the War Office claim, on the ground that the vouchers are exceedingly numerous, and that, before the payments are admitted as chargeable against India, they would have to be examined in detail by the Auditor to the India Office. In his evidence before this Committee, the Auditor stated (Question 823) that, in his opinion, under the 52nd section of the Act 21 & 22 Vict. c. 106, he had no power to delegate his duties to another person.

Nor possible.

7. I may observe that, in any case, it would have been impossible for me to give a detailed examination to the accounts, since I have been called upon to return to the War Office whatever vouchers in support of the several charges had been transmitted to me for inspection, in order that they might be forwarded to the India Office; but, even had the vouchers in support of the charge against this Vote been accessible to the officers of my Department, any examination I could give would have no practical value, as the India Office would not in any way be bound by my decision as to their liability in respect of any disputed items.

Circumstances which necessitated Vote already investigated by Committee of Public Accounts.

8. The circumstances under which this Vote became necessary, the particulars of the arrangements which had been made from time to time with India in respect of Home charges of troops defrayed by the War Office on account of that Government, and the reasons which had led to so serious a delay in the adjustment of accounts between the War Office and the Indian Government, were fully gone into by the Committee of Public Accounts in the evidence taken by them on my Report on the Vote for this service for the year 1875-76.

Points to be noticed.

9. It only seems necessary in the present Report to offer a few observations on the points alluded to by that Committee in paragraphs 126 and 127 of their Report of last Session.

Questions still pending.

10. The Committee express their great regret that questions of principle are still pending as to the accounts for the years 1870-71, 1871-72, 1872-73, and also that notice has been given by the India Office to terminate the arrangement effected by the Committee presided over by Mr. Bouverie, which had been accepted for the three following years by the two Departments; and strongly express their opinion that it is absolutely necessary that an early agreement should be come to, both as to the accounts for past years and also as to the basis of charge for the future.

Inquiry concerning same.

11. With the view of being enabled to report as to any progress which had been made towards an agreement on these points, I caused a letter to be addressed to the Under Secretary of State for War, on the 28th December last, asking for information on the subject, and also as to whether any disputed questions had arisen on the examination by the India Office of the War Office claims for the years 1873-74 to 1876-77, which were to be settled under the terms of the arbitration of the Committee presided over by Mr. Bouverie.

Result of inquiry.

12. In reply I received a letter from Mr. Milton, Accountant General to the War Office, in which he informed me—

(1.) That the questions in dispute with the India Office affecting the accounts for the years 1870-71, 1871-72, and 1872-73, were referred to the Lords Commissioners of Her Majesty's Treasury by the Secretary of State for War, on the 3rd March 1877.

(2.) That with regard to the Accounts, 1873-74 to 1876-77, objections had been recently received from the India Office on the account for the year 1873-74, but for no later period.

(3.) That no arrangement has as yet been made as to the basis of the settlement of the charges on account of India subsequently to the 31st March 1877, so far as is known, in his office.

Arrangement not yet arrived at, either as to past settlement or present adjustment.

13. It would thus appear that no arrangement has as yet been arrived at with India as regards the disputed questions which have arisen on the War Office claims for the years 1870-71, 1871-72, 1872-73; that as regards the years 1873-74 to 1876-77, which were to be adjusted under the terms of the arbitration of the Committee presided over by Mr. Bouverie, the examination of the claim for 1873-74 only has been completed by the Auditor to the India Office, who has forwarded to the War Office certain objections thereto; but I am not informed whether these objections are of a nature likely to lead to any serious difference of opinion between the two Departments; and, finally, that no arrangement has yet been made as to the basis of settlement of the charges on account of India subsequently to the 31st March 1877.

Speedy remedy deemed advisable.

14. I must again call attention to the fact that the claims of the War Office in respect of the charge for effective services of troops serving in India, involving an expenditure of upwards of 3,000,000*l.*, have remained unsettled since the 31st March 1870, while for the period from the 1st April last, so far as I am aware, there exists no basis of adjustment whatever. This is a state of things which, in my opinion, should not be allowed to continue.

Statement of claims for effective services, 1870–71 to 1876–77.

15. Appended to this Report is a statement which I have caused to be prepared in my Department, in continuation of that appended to my Report on the Vote for this service for the year 1875-76, showing the amount of War Office claims for effective services for the years 1870-71 to 1876-77, together with the advances by the India Office in respect of the same period.

War Office claim in excess of amount advanced.

16. This statement shows the War Office claim to be 412,246 *l.* 11 *s.* 8 *d.* in excess of the amount advanced by India to meet the charge for these services.

Additions to former claims.

17. The difference between the amounts claimed for the years 1874-75 and 1875-76, as compared with the statement appended to my last year's Report, is caused by additions which have since been made to the claims for those years.

Receipts on account of effective services, 1877–78, amount to 125,000 *l.* only.

18. I may further add that, up to the present date, the accounts transmitted to my Department show only 125,000 *l.* to have been received into the Exchequer from the India Office in respect of an estimated expenditure of 500,000 *l.* on account of effective services for 1877-78.

(signed) *Wm. Dunbar*,
Comptroller General of the Receipt and Issue of
Her Majesty's Exchequer,
and Auditor General of Public Accounts.

Exchequer and Audit Department,
31 January 1878.

STATEMENT referred to in the foregoing REPORT.

STATEMENT showing HOME CHARGES of HER MAJESTY'S TROOPS serving in *India* on account of Effective and Non-effective Services for the Years 1870-71 to 1876-77; also the Amount Advanced by *India* to meet the same.

EFFECTIVE SERVICES.

	Pay of Officers, Non-commissioned Officers and Men, and Contingent Disbursements.	Charge for Drafts Embarked.	Difference of Number of Men on Passage with Regiments.	Charge for Barrack Accommodation at the Royal Victoria Hospital, Netley, and Discharge Depôt, Chichester.	Charge for Excess Cost of Bread and Meat at the Discharge Depôt, Chichester.	Proportion of Staff Expenses at the Discharge Depôt, Chichester.	Proportion of Staff Expenses at the Royal Victoria Hospital, Netley.	Excess Cost of Hospital Supplies at Netley Hospital beyond the Stoppage.	Charge for Brigade Depôts.	Charge for Royal Artillery Depôt.	Charge for Cavalry Depôt at Canterbury; Estimated Amount.	Educational Services, 1870-71 to 1876-77.	Non-commissioned Officers, Engineers, embarked for India, 1870-71 to 1876-77.	Total Charges for Effective Services.	Advanced by India to meet War Office Charges for Effective Services in respect of the Years 1870-71 to 1876-77.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£.	£.	£. s. d.	£.	£.	£. s. d.	£.
1870-71	109,246 2 1	334,733 4 3	26,222 2 –	3,948 15 –	83 9 6	1,422 1 1	7,881 13 6	3,147 5 1	– –	– –	– – –	– –	– –	486,684 12 6	505,000
1871-72	99,803 12 7	293,290 7 1	36,154 4 6	2,463 11 8	211 6 9	1,936 5 4	6,994 – 1	3,658 19 6	– –	– –	– – –	– –	– –	444,512 7 6	435,000
1872-73	92,248 18 3	235,886 11 1	47,013 5 2	1,506 3 4	8 18 1	906 18 9	7,961 12 8	3,079 10 4	– –	– –	– – –	– –	– –	388,611 17 8	450,000
1873-74	87,791 19 5	150,629 1 11	56,892 2 7	1,496 3 4	– –	– – –	9,423 15 1	6,286 15 6	91,250	– –	– – –	– –	– –	403,769 17 10	400,000
1874-75	97,958 8 4	99,331 9 3	73,265 5 4	1,521 6 –	– –	– – –	8,735 8 7	6,101 12 8	91,250	– –	52,207 8 –	– –	– –	430,370 18 2	380,000
1875-76	95,458 8 2	73,770 15 2	72,282 16 1	2,150 9 8	– –	– – –	10,077 19 8	5,394 9 6	91,250	64,000	54,200 12 –	– –	– –	468,585 10 3	320,000
1876-77	102,542 14 5	100,669 4 4	77,624 14 10	2,745 3 8	– –	– – –	12,672 3 3	5,108 – 11	91,250	64,000	61,464 6 4	140,000	21,635	679,711 7 9	400,000
£.	685,050 3 3	1,288,310 13 1	389,454 10 6	15,831 12 8	303 14 4	4,265 5 2	63,746 12 10	32,776 13 6	365,000	128,000	167,872 6 4	140,000	21,635	3,302,246 11 8	2,890,000

	£. s. d.
Total Charge for Effective Services, 1870-71 to 1876-77	3,302,246 11 8
Total Amount advanced by India in respect of Effective Services, 1870-71 to 1876-77	2,890,000 – –
Balance, being Amount claimed by the War Office in Excess of the Sum advanced by India	£. 412,246 11 8

APPENDIX.

PARTICULARS of the CHARGES incurred by the War Office on Behalf of *India*, and Advanced out of Army Moneys in the undermentioned Years.

	1870-71.	1871-72.	1872-73.	1873-74.	1874-75.	1875-76.	1876-77.	TOTAL.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Pay of Colonels of Regiments serving in India :								
Cavalry	12,150 - -	12,150 - -	12,005 19 6	11,624 11 10	11,400 8 4	11,141 4 11	11,140 18 5	81,613 3 -
Infantry	38,831 - 4	41,225 4 7	42,470 10 9	42,776 2 5	42,121 1 10	40,859 2 7	39,999 - 5	288,282 2 11
Pay of Officers and Men on passage to and from India, and Miscellaneous Charges	8,018 17 4	6,675 13 6	5,709 - 1	14,310 1 4	27,646 3 7	18,738 11 1	24,252 4 7	105,350 11 6
Charge for pay of Officers of two Regiments of Cavalry and two Regiments of Infantry, consequent on the reduction of the British Force in India	31,953 7 4	19,800 14 11	13,021 7 6	- - -	- - -	- - -	- - -	64,775 9 9
Pay of Invalids at the Royal Victoria Hospital, Netley	14,726 5 -	9,343 5 6	14,848 1 11	15,779 19 5	15,838 8 3	21,721 7 7	27,453 3 10	119,710 11 6
Pay of Men awaiting discharge at Chichester Depôt	4,017 16 8	1,797 3 2	603 18 3	- - -	- - -	- - -	- - -	6,418 18 1
Advance pay to Armoury Serjeants	50 3 -	- - -	- - -	- - -	- - -	- - -	- - -	50 3 -
Agency in pay of Officers	337 18 3	10,640 14 3	5,352 9 -	5,350 3 -	5,181 4 -	5,046 16 4	4,931 11 2	36,840 16 -
	110,085 7 11	101,632 15 11	94,011 7 -	89,840 18 -	102,187 6 -	97,507 2 6	107,776 18 5	703,041 15 9
Less—Miscellaneous Credits	839 5 10	1,829 3 4	1,762 8 9	2,048 18 7	4,228 17 8	2,048 14 4	5,234 4 -	17,991 12 6
TOTAL £.	109,246 2 1	99,803 12 7	92,248 18 3	87,791 19 5	97,958 8 4	95,458 8 2	102,542 14 5	685,050 3 3
Repaid by Vote for 1875-76	- - -	- - -	- - -	- - -	- - -	- - -	- - -	500,000 - -
Remaining a Charge against the Vote 1876-77	- - -	- - -	- - -	- - -	- - -	- - -	- - £.	185,050 3 3

Note.—This statement includes all the items specified in the Appendix to the Appropriation Account for this Service for 1875-76, together with the charges for the year 1876-77. It will be observed that, owing to adjustment made after the presentation of the Appropriation Account for 1875-76, the totals now given differ slightly from those stated in that Account. The above statement represents the claim of the War Office as actually sent into the India Office; but some of the details are still under consideration of the Secretary for India.

No. 5.

Sir *H. S. Ibbetson* to Lord *Cranbrook*.

Dear Lord Cranbrook, Treasury, 14 June 1878.

I AM very anxious that the question of Indian charges should be brought to a settlement, so that I may have some definite proposal to submit to the Public Accounts Committee, who have adjourned the consideration of those accounts till next Wednesday.

When you were at the War Office and Colonel Stanley at the Treasury, he, with your concurrence, I believe, submitted a proposal, the groundwork of which was that past accounts should be closed, and the payments made by India accepted in full discharge of War Office claims, whilst India abandons any question of their having been in excess. That this rate of payment should be continued as satisfactory until the year 1878–79, that is, until March 1879.

It was further suggested that a committee should be appointed, if possible, with Lord Northbrook as chairman, to recommend what the further contribution to be made by India should be.

I am not sure, looking to the offer by India of 6 *l.* per man, and the War Office claim, which I believe is 7 *l.* 2 *s.* 6 *d.*, that such a compromise as 6 *l.* 10 *s.* per man might not meet the fair claims of both sides. This would be a surrender to India of something like 3 *s.* per man, from what they have actually paid.

In this I am not thinking of the non-effective charges, which do not press in the same way, and I think we may fairly settle one thing at a time.

Will you kindly consider this, and let me hear what your views are?

Believe me, &c.
(signed) *Henry Selwin-Ibbetson.*

No. 6.

Lord *Cranbrook* to Sir *H. S. Ibbetson.*

My dear Selwin-Ibbetson, 15 June 1878.

I AM consulting my Finance Committee upon your proposals, and hope they will give me advice in conformity with your general views. No delay shall occur on my part.

Yours, &c.
(signed) *Cranbrook.*

No. 7.

MINUTE of Lord *Cranbrook* to his Council.

I SHALL be glad to have the opinion of the Finance Committee, with Sir H. Norman added, upon the best mode of arriving at a settlement of past and future accounts between the War Office and this. I lay before them some confidential papers, one by Colonel Stanley, the other a letter from Sir H. Selwin-Ibbetson, on the subject.

(signed) *Cranbrook.*

15 June 1878.

No. 8.

MINUTE of the Finance Committee of the Indian Council.

ON the understanding that the proposition of Sir Henry Selwin-Ibbetson is, that the advances made on account of the effective services of Her Majesty's regiments on the East India Establishment, in each year from 1870-71 to 1877-78, and the estimated sum of 530,000 *l.* for the year 1878-79, will be accepted by the Treasury in full discharge of all claims of the War Office, on that account, up to the 31st March 1879, the Finance Committee recommend that the proposition be accepted.

And further, that the suggested compromise of an annual rate of 6 *l.* 10 *s.* per man, of all arms in India, the numbers to be determined by the average of

12 monthly muster-rolls, including all ranks, be agreed to, as a settlement of all effective charges by the War Office on account of India for future years, and that the arrangement should continue for a term of 10 years commencing from the 1st April 1879.

18 June 1878.

E. W.
A. C.
B. W. E.
W. L. M.
G. J. W.

Adopted by Council.—C.

No. 9.

Lord *Cranbrook* to Sir *H. S. Ibbetson.*

My dear Selwin-Ibbetson, 18 June 1878.

You may as well see the form in which the Finance Committee here deal with your proposal, and as the Council adopt the same view there may be a chance of a settlement. You have, however, still the War Office to come to terms with.

Yours, &c.
(signed) *Cranbrook.*

No. 10.

INDIAN EFFECTIVE HOME CHARGES.

MINUTE of Meeting held on 21st June 1878.

AT a meeting held in the room of the Chancellor of the Exchequer at the House of Commons, on Friday, 21st June 1878,

PRESENT:

The Chancellor,	The Financia Secretary of the War Office,
The Secretary of State for War,	The Accountant General, and
The Secretary to the Treasury,	Mr. Mills,

1. It was decided by the Chancellor that the objections raised by the India Office on the accounts as rendered to 31st March 1876, should be acceded to (to the estimated or approximate amount of 166,000 *l.*), and that thereupon the accounts to 31st March 1876, should be considered and held to be settled by the payments on account already made by the India Office.

2. That the accounts as already rendered by the War Office for the year ended 31st March 1877, should be passed on the terms of the Bouverie Committee.

3. That a capitation rate, founded on the numbers of troops on the India Establishment, should be agreed upon, the sum of 6 *l.* 10 *s.* per man being suggested, with a view of securing the advantages pointed out in Colonel Stanley's Memorandum of December 1877, both as to the certainty of the amount of the Indian contribution as ascertainable at the beginning instead of long after the end of each year, and as to the freedom of the Home Government to fix or vary the Home Establishments without the intervention of India as a party interested. Such capitation rate to be made the subject of an Act of Parliament, and to be antedated to 1st April 1877.

4. That a Memorandum should be drawn up by Mr. Milton and Mr. Mills, to be concurred in by Mr. Welby and Mr. Knox, to record these decisions, and to give effect to them in bringing about the settlements of the accounts under the two heads—

(*a*) The past accounts.
(*b*) The current and future accounts.

(signed) *J. Milton.*

No. 11.

MEMORANDUM on Indian Effective Charges for the Past Period, that is, from 1st April 1870 to 31st March 1877, for which period the Accounts have been rendered by the War Office to the India Office.

IT was decided by the Chancellor of the Exchequer that a letter should be written to the War Office, in reply to their letter of the 3rd March 1877, stating that under all the circumstances of the case the Lords Commissioners were prepared to concede the point contended for by the India Office, viz., that for men of the infantry sent to India of above one year's service, and of cavalry and artillery of above 18 months' service, including drafts from regiments and Indian depôts, the rate to be paid by the India Office should be that assigned for difference of men on passage.

The War Office to be requested, in communicating this decision to the India Office, to urge the speedy conclusion of the audit of the accounts as rendered to that Office, and to give every assistance for obtaining a settlement of the accounts to the 31st March 1877.

(signed) *J. Milton.*
Ralph Knox.

War Office, 24 June 1878.

No. 12.

MEMORANDUM by Mr. *Welby* to the *Chancellor of the Exchequer* on the Memoranda 10, 11.

1. MR. HAMILTON states that the Chancellor concedes the point contended for by India, viz., *that the rate to be paid by India for infantry of above one year's service, and for cavalry and artillery of above* 18 *months' service, sent to India, should be the rate assigned for "difference of men on passage."*

2. Mr. Milton heads his Memorandum thus: "For the past period, *i.e.*, from the 1st April 1870 to the 31st March 1877."

3. I conclude, therefore, that he proposes to put aside the scheme for adjusting past accounts on the basis of accepting the payments actually made by the India Office, as discharge in full of India's liability, and closing the books; and that, in lieu thereof, he would have the War Office claims readjusted on the basis of the above-named concession, and examined and passed by the India Office in ordinary course.

4. If this be so, I understand that it is not the proposal which the Chancellor and Colonel Stanley agreed upon last week at the House of Commons. I gathered that the proposal which they sanctioned accepted the principle of adjustment on the basis of actual payments for the years 1870–71 to 1875–76, but left the account for 1876–77 to be settled on examination, and contemplated another arrangement for the years 1877–78 and 1878–79.

5. We have therefore to ascertain—

(1.) Whether the Chancellor approves the change of arrangement contemplated by Mr. Milton.

(2.) What the India Office say to (1) the Chancellor's proposal, (2) Mr. Milton's.

6. It must be borne in mind that the Secretary of State for India in Council has agreed to a proposal to adjust all accounts up to the 31st March 1879, on the basis of actual payments.

7. If, therefore, the Chancellor and Sir H. Ibbetson are anxious that the Public Accounts Committee should have a settlement of the arrear accounts submitted to them this year, they can do so by accepting the adjustment agreed to by India. In order to assist them in deciding upon this point it is important to ascertain, if possible, (1.) What would be the effect of accepting the arrangement agreed to by the India Office; (2) What the India Office would say to either the Chancellor's or Mr. Milton's proposal.

8. With the Chancellor's consent, I have seen Sir T. Seccombe and Mr. Knox.

Taking the period for which the War Office claim is complete, viz., from the 1st April 1870 to the 31st March 1877, the claim of the War Office is for 412,000*l.* over and above the amount already paid by India for that period.

But the concession which the War Office are prepared to make, and which is described in *italics* at the beginning of this Memorandum, involves, I understand from Mr. Knox, a diminution or disallowance of 166,000*l.* from the above sum, reducing the claim of the War Office to 246,000*l.* Sir Thomas Seccombe is convinced that the disallowance would amount to more than 166,000*l.*; but his analysis of the War Office claim is not sufficiently advanced to enable him to state precisely the disallowance which he claims. He says, however, if the accounts to the 31st March 1877 were examined and passed, he thinks India would admit a debt still owing of between 50,000*l.* and 130,000*l.* Take the middle figure, and we may put it thus:—

Adjustment on the basis of actual payments is understood by all as a concession to India. According to Sir T. Seccombe, it means forgiving her a debt of about 90,000*l*; according to Mr. Milton, of 246,000*l.*; split the difference, and we should have a debt of about 170,000*l.* to forgive.

Mr. Knox inclines to think that for the two years 1877–78 and 1878–79 the estimate made by the War Office and India Office will be found fairly close. In all probability it is under the mark. If it were 20,000*l.* per annum under the mark it might make our concession equivalent to forgiving a debt on the whole nine years of 200,000*l*, If it were more under the mark it might amount to 250,000*l.* But I take it that adjusting accounts on the basis of actual payments to the 31st March next may be fairly assumed as foregoing a claim of 200,000*l*, or 250,000*l.* on India.

I have written to Mr. Milton to see what he says to the figures. If he agrees to them generally, it will be for the Chancellor and Sir H. Ibbetson to say whether they will close accounts to the 31st March next, and forego a debt due by India of, say, 200,000*l.*

They may justify this concession on the ground, (1) that they do not wish to press India now. This would be valuable in one sense as a proof that the Imperial Government is not always wringing the uttermost farthing from India; (2) that it is expedient to close the accounts, which have been kept open so long as to amount to a scandal.

If the Chancellor thinks this concession too much, we must embody in a letter the concession which the War Office is willing to make, inform the War Office, and tell them to readjust their accounts from 1870–71 on that basis, and then tell the India Office to examine them as soon as they can. No doubt the War Office concession would remove much difficulty, but there are many other points upon which the War Office and India Office are at issue, and it would be difficult to say, since there is no arbiter whose decision would be adopted, whether a speedy settlement could be arrived at.

28 June 1878. *R. E. W.*

No. 13.

MINUTE of Meeting held on 29th June 1878.

AT a meeting held in the room of Sir Henry Selwin-Ibbetson, at the Treasury, on Saturday, 29th June 1878,

PRESENT:

Colonel Stanley,	Mr. Milton, and
Sir Henry Selwin-Ibbetson,	Mr. Knox,

It was decided that some modification of the proposals of the 21st should be recommended to the Chancellor:—

1. That for the purposes of a settlement the accounts should be classed—

   (*a.*) Past and current.

   (*b.*) Future.

That

That as regards (*a*), the past and current (to 31st March 1879), the sums already paid or agreed to be paid by India should be accepted in full discharge of all the War Office charges, ordinarily made through these accounts (the cost of stores, arms, accoutrements, and clothing, and charges for officers and non-commissioned officers of the Royal Engineers being still settled on actual bills).

This proposal has in effect been already agreed to by the Council of India on the 18th June 1878 (*see* Minute annexed).

That as regards (*b*), the future, a capitulation rate of 6*l.* 10*s.* a man might be accepted, to commence from 1st April 1879, to be paid during each year in quarterly final payments, founded on the numbers of the Indian establishment, as detailed in the Army Estimates, exclusive of the Royal Engineers, and to exclude (as detailed in the India Office Memorandum of 10th December 1877) pay of officers on furlough, pay of colonels commandant of Royal Artillery, pay of regiments or batteries during voyage out to India or home, which are to continue to be paid direct by the India Office, nor claims for stores, arms, accoutrements, or clothing, or for officers and non-commissioned officers of Royal Engineers, which are to continue to be paid on actual bills, nor claims for deferred pay (from 1st April 1879), which are to form the subject of special arrangement.

No. 14 A.

MEMORANDUM by Mr. *Milton* on Indian Home Charges for Effectives.

As regards the future, viz., from 1st April 1879 :—

The proposal of the Treasury, acceded to by the Council of India, viz., for a capitation rate founded on the force in India, is concurred in by the War Office.

Such rate to cover all the charges now included in the War Office annual claims for the previous seven years. But not to cover the sums now paid by the India Office (as detailed by the India Office Memorandum of 10th December 1877, page 13); viz. :—

Furlough pay of officers; pay of colonels commandant, Royal Artillery; advances to corps going out, and pay of corps coming home; nor the deferred pay; nor the payment for the non-commissioned officers of the Royal Engineers, who are paid for under special agreement, on which no question has ever arisen; nor for the commissioned officers of the Royal Engineers, regarding whom a similar special arrangement has been proposed to the India Office.

The only modification desired by the War Office is that this capitation rate should be calculated, not on the number of officers and men actually serving in India, as found by monthly returns, but on the annual establishment as fixed in the War Office Estimates, excluding the Royal Engineers.

It is clear that the cost of replacing the wear and tear of a number of troops is dependent on the force or establishment to be kept up, not on the actual numbers serving; in fact, the cost is in precisely the inverse ratio of the difference between the establishment and the numbers serving. For instance, in case of unusual sickness the full rate on actuals will fall off by many thousands at the very moment that the number required to keep up the establishment is increased by the same number of thousands. Again, in case of war every man killed causes the poll-rate on actuals to decrease, and the cost of supplying the wear and tear to increase. On the other hand, any measure adopted by India to induce soldiers to serve on in India decreases the cost to this country of supplying the wear and tear, while it increases the cost to India of the poll-tax on actuals paid for such supply from home.

It is equally clear that the payment by establishment has the great advantage of making the sum that is to be paid in each year by India a known sum determined before the year begins, or the Chancellor's Budget is prepared.

In any year that the establishment is altered (by any troops being brought home without relief, or by any additional regiments being added to the establish-

ment during the course of the then current year after the estimates were settled), the increase or decrease during such broken period will be allowed for in the claims on India in the ensuing year's numbers. And this is not only convenient but also equitable, as the home or depôt expenses would not be affected until the next ensuing year.

The difference during the past seven years between establishment and the numbers actually serving, as returned by the Indian authorities, is shown by the annexed statement to have been $2\frac{3}{4}$ per cent. Against this, it is to be observed, that these actual numbers do not include the troops on passage to or from India, which are equal to over two per cent. on the whole force.

As the rate of capitation (6 *l.* 10 *s.*) submitted for the acceptance of the Secretary of State for War is $10\frac{1}{4}$ per cent. below the charges for the past seven years (1870-71 to 1876-77) as calculated on actual numbers, and eight per cent. as calculated on establishment, it is obvious that the concession asked for of established, in lieu of actual numbers, viz., one-half per cent. if calculated on men on land and sea, or $2\frac{3}{4}$ per cent. if calculated on men on land only, is fairly claimable, being in any case $7\frac{1}{2}$ per cent. in favour of India.

(signed) *John Milton.*

No. 14 B.

Years.	Effective Strength.*	Short of Establishment.	Establishment.†
1870-71	58,987	3,976	62,963
1871-72	60,605	2,259	62,864
1872-73	62,091	866	62,957
1873-74	62,166	758	62,924
1874-75	62,443	397	62,840
1875-76	61,562	1,288	62,850
1876-77	60,708	2,141	62,849
Total for Seven Years	428,562	11,685	440,247‡
Average	61,223	1,669	62,892§

	£.	£.
Total Claims by War Office‖		3,302,246
Deduct,—		
Disallowed by India Office (page 13 of Appendix)	165,729	
Ditto for 1876-77, estimated	8,000	
Charge for Royal Engineers, special arrangement	21,635	
		195,364
Net Charge for Seven Years		3,106,882

	£.	s.	d.
Average per Actual	7	5	–
Average per Establishment	7	1	1

* As given in the India Office Memorandum, pages 13 and 14.
† As given in the War Office Annual Estimates.
‡ Being $2\frac{3}{4}$ per cent. difference.
§ Number always on passage 1,482, or $2\frac{1}{4}$ per cent.
‖ As given in the Auditor General's Report, page 22.

No. 15.

Memorandum by Mr. *Knox*.

It is of importance, in fixing the contribution to be made for the future by India, that a clear view should be had by both parties to the transaction how great is the concession from the actual expense incurred.

To take as the basis the expenditure for the past seven years, or the amount claimed (which is less than that expended), gives a very erroneous idea.

During that period very large additions have been made to the pay of the soldier, and the period of service has been changed. The expense has been gradually rising, so much so, that instead of the average of the past seven years being regarded as the probable annual charge for the future, the maximum year will not reach it.

In none of those seven years has the effect of the six years enlistment been felt, and that alone will increase the drafts some 60 or 70 per cent.

From this it will be seen that, to accept 6 *l.* 10 *s.* a head upon the number in India, as repayment for the home effective charges, will be to concede, not 10 or seven per cent., but from 20 to 25 per cent.

I am not arguing against such a concession (that is a question of policy), but only for a clear understanding of the sum conceded.

Again, in any settlement for the future, for five or seven years, I would make the payment more comprehensive, so as to avoid all contentions between the Indian and Imperial Departments during the period. It should cover *all* expenses incurred in raising, training, and dispatching officers and men at home for Indian service, and all contingent payments made by the War Office. There is not only no necessity, but there is no reason, for excluding any services, whether engineers, educational, or others, from the arrangement.

There is an account between the two Departments, which involves very considerable trouble, and certainly should be cleared away, I mean that which requires the valuation of every article of clothing on the backs of soldiers embarking for and returning from India. An average could certainly be struck of the cost of this service, and, logically, should be, if the plan of a capitation payment on the force in India be accepted, irrespective of the number of men who may be sent out or brought home.

Further, I submit that if the non-effective charges are to be brought under revision at all, they should be dealt with at the same time as the effective. They hang upon one another much more than is thought; for the non-effective charge is of course entirely dependent upon the length of service given in India by the men, and this, as has already been said, also governs the number of men to be yearly supplied.

The arrangements for *the future* need not be pressed forward now; the proposal of a committee, under the guidance of Lord Northbrook, with the *principle of concession* accepted, is the far better mode of coming to a complete understanding.

Ralph H. Knox.

REPORT of the COMMITTEE appointed by the Secretaries of State for War and India, to Arbitrate between the Departments on the Differences existing between them as to the Adjustment of the Home Charges for Effective and Non-effective Services of Her Majesty's Regiments on the Indian Establishment.

PRESIDENT:

The Right Honourable E. P. BOUVERIE.

MEMBERS:

T. L. Seccombe, Esq., C.B.	John Milton, Esq., C.B.
Major General J. C. Hannyngton.	R. H. Knox, Esq.

THE Committee, jointly appointed on 7th August 1874, by the Secretaries of State for War and India, to arbitrate between the Departments on the differences existing between them as to the adjustment of the Home charges for effective and non-effective services of Her Majesty's regiments on the Indian Establishment, have had under their consideration the mode of adjustment of the Home charges of Her Majestys's regiments in India, and have been materially aided by the evidence given them by military officers of the several arms of the service.

1. They have thought it best, in view of the new military organisation of brigade depôts at home, to endeavour, with regard to Infantry of the Line, to separate the charge for establishments at home engaged in training Her Majesty's forces generally, from the personal expense attendant on the training of each soldier dispatched to India.

2. They are advised, by competent authority, that the cost of the depôt of a battalion abroad (which depôt is an integral part of the brigade depôt at home) may fairly be taken at one-fifth of the whole cost of the brigade depôt.

3. The entire cost of each brigade depôt, excluding the non-effective charges for half-pay and pension accruing thereon, is estimated at 9,647*l.* 3*s.* 10*d.* per annum (*see* Appendix, No. 1), but the Committee are of opinion that for the purpose of calculation, and in order to assign the proportion to be paid by the Indian Government, the cost may be taken at 9,125*l.* per annum, or 25*l.* per diem.

4. One-fifth of this amount, or 5*l.* per diem for each of the 50 brigade depôts having an Indian depôt attached, will therefore be the establishment charge which the Indian Revenues will have to defray. This payment will be irrespective of the dates on which the battalions in India are relieved from time to time, but should any battalion be added to the 50 now on the Indian Establishment, an additional payment of 5*l.* per diem will be made from the date of such battalion embarking for India; or, on the other hand, should a battalion be reduced on the Indian Establishment, 5*l.* a day less will be paid by Indian Revenues from the date of the disembarkation in this country of the battalion so reduced, or brought home, without relief.

5. Further, the sum of 22*l.* 10*s.* (*see* Appendix, No. 2) will be paid by Indian Revenues for every trained soldier of infantry sent out to India, whether sent in periodical drafts or in battalions. This payment will represent the cost of a trained recruit, other than that portion due to the training establishment or brigade depôt. No soldier should be sent with his battalion who has not at least two years of unexpired service under his existing engagement; and for any soldier going out with a draft, who has served less than three months, the payment will not be the full sum of 22*l.* 10*s.*, but at the rate of 3*s.* for each day he has been in the service.

6. As

6. As it is evident, that, on a battalion returning from India, the unexpired service of the men will, on an average, be much less than the average unexpired service of men going out with the battalions, Indian Revenues will be repaid, not the full charge of 22*l.* 10*s.* a man, but two-thirds of that sum, viz., 15*l.* for each effective soldier who returns with his battalion to this country, provided he is not, at the date of disembarkation, within six months of the expiration of his existing engagement to serve with the colours. If, however, any soldier returning from India (whether with his battalion or on account of the expiration of his term of service with the colours), for whom such repayment of 15*l.* has not been made, shall be transferred to the Reserve, Indian Revenues will be repaid the sum of 7*l.* 10*s.* for each such soldier. The Committee have considered two years' service in the Reserve as fairly equivalent, for the purposes of this calculation, to one year's service with the colours.

7. These arrangements will take effect, and the charges be settled between the two Departments, as from the 1st of April 1873. The charges for the year 1872-3 will be adjusted upon the same principles as those for the years 1870-1 and 1871-2, which are now the subject of correspondence between the two Departments.

8. The actual cost of invalids, sent home and treated in Netley Hospital, will be repaid by Indian Revenues, provided, that such charges shall not extend, in any ordinary case, beyond six months from the date of landing in this country; any extraordinary case being matter for separate special consideration.

9. The Cavalry Depôt at Canterbury being, with the exception of the Riding Establishment, maintained exclusively for Indian purposes, the actual expenses of the Depôts of Indian regiments and Depôt Staff, the expenses of repairs of buildings, will be repaid by Indian Revenues, and also one-fourth of the expense of the Cavalry Riding Establishment.

10. Indian Revenues will be debited with the sum of 54*l.* (*see* Appendix, No. 3) for each cavalry soldier embarked with a regiment for India, and will be entitled to a credit, under the conditions stated in paragraph 6 with reference to infantry, of two-thirds of that sum, or 36*l.* for each cavalry soldier returning with his regiment; or of one-fifth, or 10*l.* 16*s.*, for each soldier returning who may join the reserve.

These arrangements to take effect as from the 1st April 1874.

11. The claims for Royal Artillery for the years 1872-73, 1873-74, and 1874-75, will be adjusted on the terms specified in the Fourth Report of the Committee on Effective Charges, dated 12th April 1872. The charge for each soldier of Royal Artillery (Horse) embarked for India with drafts will be 78*l.* 14*s.* 9*d.*, and for Royal Artillery mounted men 59*l.* 2*s.* 10*d.*; an additional sum of 13*l.* 11*s.* being in each case chargeable for men who shall be certified to have passed through the Riding House Establishment and been dismissed from riding drill. The charge for Royal Artillery dismounted men will be 58*l.* 9*s.* 3*d.* per man. The charge for difference of numbers of men on passage to and from India will be, for Royal Horse Artillery, 47*l.* 10*s.* 7*d.*, and for Royal Artillery, 40*l.* 11*s.* 5*d.* The details of the above rates for Royal Artillery are stated in the Appendix, Nos. 4 to 8.

12. From the 1st April 1875, and so long as the Artillery Force in India and the Depôt Establishment remain at their present strength, India will contribute 64,000*l.* per annum in aid of the expenses of the depôts of the Royal Horse Artillery, Royal Artillery, and Riding Establishment, being the proportion due to the number of brigades and batteries on the Indian Establishment. (Appendix, No. 9.

13. For men of the Royal Artillery embarked for India, whether in drafts, or in brigades or batteries, the Committee consider it to be expedient to fix, for personal expenses, only two rates; viz., for Royal Horse Artillery on the basis of a minimum period of nine months' training, and for Field and Garrison Artillery on the basis of six months. The charge for Royal Horse Artillery will be 57*l.* 5*s.* 8*d.*, and for Field and Garrison Artillery, 26*l.* 16*s.* 4*d.* for each man embarked. (Appendix, Nos. 10 and 11.) India will be entitled to credit, as arranged in the case of Cavalry, under the conditions laid down in

paragraph 10, to two-thirds or one-fifth of the above amounts respectively for each Artillery soldier disembarked in this country.

14. In addition to the foregoing sums of 22*l.* 10*s.* for Infantry, 57*l.* 5*s.* 8*d.* for Royal Horse Artillery, and 26*l.* 16*s.* 4*d.* for Field and Garrison Artillery, Indian Revenues will also be liable to a further charge, as a per-centage on the personal expenses, on account of desertions, calculated for each Arm on the annual number of men deserting at home during the first nine months from the date of their enlistment.

15. The rates chargeable for non-commissioned officers of Royal Engineers required for special service in India, as fixed in the Report of the Committee which considered the subject in March 1867, will remain in force. (*See* Appendix, No. 12.)

16. The educational services of the Army affecting India are considered to be comprised under the following establishments; viz. :—

School of Engineering, Chatham;
Royal Military Academy;
School of Musketry;
Schools of Gunnery, and of Artillery Studies;
Staff College, Sandhurst;
Military Medical School;
Royal Military College, Sandhurst.

17. As the arrangements with regard to the Royal Military College at Sandhurst are at present incomplete, and are still the subject of correspondence between the two Departments, the sum chargeable against India, on account of this Establishment, is reserved for future consideration; but, with regard to the remaining educational establishments, the Committee are of opinion, that Indian Revenues should contribute a lump sum of 20,000*l.* per annum on this account, commencing on the 1st April 1870. The estimated charges are shown (Appendix, No. 13).

18. In addition to the above sum, India will be chargeable with the pay and allowances, for the period of instruction at Chatham and Shoeburyness, of the officers sent out to India to maintain or to increase the Establishment of the Royal Artillery and Royal Engineers. In the case of the Royal Engineers, the charge for each officer, and for the number that may be ascertained to be the normal number annually required to maintain the Establishment in India, should be 350*l.*, so long as the present period of training is continued. (*See* Appendix, No. 14.)

19. The representatives of the India Office on this Committee have repeatedly urged objections to the extent of the existing Establishments in this country, as being larger, and more costly, than is necessary for the supply of trained men for India. It does not fall within the province of this Committee to examine into or decide upon such a question; but they are of opinion that it would be satisfactory, if the military authorities would take steps to ascertain, whether there is any foundation for these objections. The Committee would respectfully suggest that two or more military officers, selected to represent the Horse Guards and the India Office, should inspect the Cavalry Depôt at Canterbury, and the Depôt Brigade of the Royal Artillery, with the view of reporting whether it might not be practicable, with due regard to efficiency, and to the maintenance of the existing system, to reduce the cost of the Establishments necessary to maintain the effective strength of Her Majesty's Cavalry and Artillery Forces in India.

20. The Committee see no reason to disturb the atrangements made by the Committee which considered the subject in August 1870, for the adjustment of the non-effective charges.

21. The

21. The Committee, in arriving at the conclusions above stated, respecting the payments chargeable to Indian Revenues on account of Her Majesty's Forces serving in India, have taken only into account those charges, and those set-offs, which seemed fairly to admit of a definite statement of pecuniary value. The value to this country, for military purposes, of the presence of recruits destined for India, and of the Establishments here, or portions of them, engaged in work for India, on the one hand; and on the other hand, the value to India of the machine of our military administration, coupled with the possible value to India of our Reserves, does not appear to the Committee to be capable of pecuniary valuation, or to admit of anything like an exact financial adjustment, between the two Treasuries. To weigh these relative considerations when such general questions arise, as affecting the Imperial finances, or the burdens on the Indian taxpayer, is the business of Statesmen and not of Accountants; and the duty, as well as the responsibility, of arriving at a just conclusion upon them, must at all such times rest upon Her Majesty's Government.

E. P. Bouverie.
T. L. Seccombe.
J. Hannyngton.
John Milton.
Ralph H. Knox.

Robert P. Daye, Secretary.

War Office, 1st June 1875.

APPENDICES.

APPENDIX, No. 1.

ESTABLISHMENT of a BRIGADE DEPÔT complete.

£. 9,647. 3. 10.

PAY.	£. s. d.	£. s. d.	GRAND TOTAL. £. s. d.
1 Lieutenant Colonel, pay at 17 *s.* per diem -	310 5 –		
1 Lieutenant Colonel, Command Pay, at 5 *s.* per diem - - - - - - - -	91 5 –		
1 Lieutenant Colonel, Non-effective Pay, at per annum - - - - - - - -	20 – –		
1 Lieutenant Colonel, Forage Allowances, two horses at 2 *s.* 4 *d.* per diem - - -	85 3 4		
		506 13 4	
1 Major, pay at 16 *s.* per diem - - -	292 – –		
1 Major, Non-effective Pay per annum - -	20 – –		
1 Major, Forage Allowances, one horse at 2 *s.* 4 *d.* - - - - - - - -	42 11 8		
		354 11 8	
6 Captains, pay at 11 *s.* 7 *d.* per diem, 3 *l.* 9 *s.* 6 *d.*	- -	1,268 7 6	
4 Lieutenants, pay at 6 *s.* 6 *d.* per diem, 1 *l.* 6 *s.*	- -	474 10 –	
1 Paymaster, average pay - - - -	- -	319 7 6	
1 Quartermaster, average pay - - -	164 5 –		
1 Quartermaster, allowances per annum - -	30 – –		
		194 5 –	
1 Medical Officer, average pay - - -	- -	406 1 3	
1 Chaplain, pay and allowances - - -	- -	241 16 3	
			3,765 12 6
1 Serjeant Major, pay at 3 *s.* 3 *d.* per diem -	- -	59 6 3	
1 Quartermaster Serjeant, average pay - -	- -	47 18 1	
1 Drum Major, pay at 1 *s.* 11 *d.* per diem -	- -	34 19 7	
1 Paymaster Serjeant, pay at 2 *s.* 5 *d.* per diem	- -	44 2 1	
1 Armourer Serjeant, pay at 4 *s.* 11 *d.* per diem	- -	89 14 7	
1 Orderly Room Clerk, average pay - -	- -	35 14 9	
1 Serjeant Cook, pay at 1 *s.* 11 *d.* per diem -	34 19 7		
1 Serjeant Cook, acting pay at 6 *d.* per diem -	9 2 6		
		44 2 1	
1 Serjeant Instructor of Musketry, pay at 2 *s.* 11 *d.* per diem - - - - - -	- -	53 4 7	
8 Colour Serjeants, pay at 2 *s.* 5 *d.* per diem = 19 *s.* 4 *d.* - - - - - - - -	- -	352 16 8	
36 Serjeants, pay at 1 *s.* 11 *d.* per diem = 3 *l.* 9 *s.*	- -	1,259 5 –	
16 Drummers, pay at 1 *s.* 1 *d.* per diem = 17 *s.* 4 *d.*	- -	316 6 8	
10 Corporals, pay at 1 *s.* 3 *d.* per diem = 12 *s.* 6 *d.*	- -	228 12 6	
30 Privates, pay at 1 *s.* per diem = 1 *l.* 10 *s.* -	- -	547 10 –	
			3,113 2 10
Clothing for 108 men - - - - - -	- -	- -	404 1 2
Equipment for 108 men, at 5 *s.* 9 *d.* a year each	- -	- -	31 1 –
Rations for 108 men, at 7 *d.* = 3 *l.* 3 *s.* - -	- -	- -	1,149 15 –
Barrack accommodation, 124 at 7 *l.* 10 *s.* 4 *d.* per annum - - - - - - - -	- -	- -	932 1 4
Mess allowance, four companies, at 25 *l.* per annum - - - - - - - -	- -	- -	100 – –
brary allowance, four companies, at 2 *l.* 10 *s.* per annum - - - - - - - -	- -	- -	10 – –
Postage and Stationery allowance, four companies, at 8 *l.* per annum - - - - -	- -	- -	32 – –
Contingent allowance, four companies, at 18 *l.* 5 *s.* per annum - - - - - - - -	- -	- -	73 – –
Agency, four companies, at 6 *d.* per diem = 2 *s.*	- -	- -	36 10 –
	TOTAL - - -	£.	9,647 3 10

APPENDIX, No. 2.

INFANTRY.

£. 22. 10. 0.

	Recruiting Expenses.			Expenses at Depôt.			Battalion Expenses.		
	£.	s.	d.	£.	s.	d.	£.	s.	d.
Pay for three months at 1 *s.* per diem (91 days)	-		-	4	11	–		—	
Ditto - - - ditto - - - - -	-		-	-		-	4	11	–
Cost of conveyance of Recruits - - -	-		-	1	–	–		—	
Barrack accommodation for three months, at 7 *l.* 10 *s.* 4 *d.* per annum - - - -	-		-	1	17	7		—	
Cost of bread and meat for three months, at 7 *d.* per diem (91 days) - - - - -	-		-	2	13	1		—	
Ditto - - - ditto - - - -	-		-	-		-	2	13	1
Equipment for three months, at 5 *s.* 9 *d.* per annum - - - - - - - -	-		-	–	1	5		—	
Practice ammunition - - - - -	-		-	–	8	1		—	
Clothing for three months, at 3 *l.* 2 *s.* 7 *d.* per annum - - - - - - - -	-		-	–	15	7		—	
Ditto - - - ditto - - - -	-		-	-		-	–	15	7
Cost of free kit - - - - - -	1	15	7		—			—	
Levy money - - - - - - -	1	8	–		—			—	
£.	3	3	7	11	6	9	7	19	8

TOTAL - - £. 22. 10. 0.

APPENDIX, No. 3.

CAVALRY.

£. 54. 0. 0.

	£.	s.	d.
Pay for nine months, at 1 *s.* 2 *d.* per diem (273 days) - - - - -	15	18	6
Cost of bread and meat for nine months, at 7 *d.* per diem (273 days) - -	7	19	3
Clothing for nine months at 4 *l.* 1 *s.* 4 *d.* per annum - - - - - -	3	1	–
Barrack accommodation for six months at 7 *l.* 10 *s.* 4 *d.* per annum - - -	3	15	2
Practice ammunition - - - - - - - - - - - -	–	8	1
Cost of conveyance of Recruits - - - - - - - - - -	1	–	–
Forage for one horse for six months, at 1 *s.* 10 *d.* per diem (182 days) - -	16	13	8
	48	15	8

	£.	s.	d.			
Levy money - - - - - - - - - - -	1	8	–			
Cost of free kit - - - - - - - - - -	3	19	1			
				5	7	1
TOTAL - - - £.				54	2	9
(Say)				54	–	–

APPENDIX, No. 4.

Royal Horse Artillery.

£. 78. 14. 9.

	£.	s.	d.
Pay for 10 months, at 1 *s.* 7¼ *d.* per diem	24	7	10
Beer money for 10 months, at 1 *d.* per diem	1	5	3
Marching money and cost of conveyance of Recruits, &c. (16 per cent. on pay)	3	18	1
Barrack accommodation for 10 months, at 6 *l.* 2 *s.* 11 *d.* per annum	5	2	5
Excess cost of bread and meat for 10 months	1	4	5
Accoutrements for 10 months	–	–	10
Clothing, at 3 *l.* 5 *s.* 9 *d.* per annum for 10 months	2	14	10
Levy money	1	8	–
Charge for practice ammunition	1	–	–
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing)	3	7	8
Recruiting Staff expenses	3	1	–
Depôt expenses	30	9	9
Hospital expenses, at 17 *s.* 7 *d.* per annum for 10 months	–	14	7
Total £.	78	14	9

APPENDIX, No. 5.

Royal Artillery.—Mounted Men.

£. 59. 2. 10.

	£.	s.	d.
Pay for nine months, at 1 *s.* 5¼ *d.* per diem	19	13	6
Beer money for nine months, at 1 *d.* per diem	1	2	9
Marching money, cost of conveyance of Recruits, &c. (16 per cent. on pay)	3	3	–
Barrack accommodation for nine months, at 6 *l.* 2 *s.* 11 *d.* per annum	4	12	3
Excess cost of bread and meat for nine months	1	2	1
Accoutrements for nine months	–	–	9
Clothing, at 3 *l.* 4 *s.* 6 *d.* for nine months	2	8	4
Hospital expenses, at 17 *s.* 7 *d.* per annum, for nine months	–	13	1
Levy money	1	8	–
Charge for practice ammunition	1	–	–
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing)	4	1	3
Recruiting Staff expenses	3	1	–
Depôt expenses	16	16	10
Total £.	59	2	10

APPENDIX, No. 6.

Royal Artillery.—Dismounted Men.

£. 58. 9. 3.

	£.	s.	d.
Pay for nine months, at 1 *s.* 5¼ *d.* per diem	19	13	6
Beer money for nine months, at 1 *d.* per diem	1	2	9
Marching money, cost of conveyance of Recruits, &c. (16 per cent. on pay)	3	3	–
Barrack accommodation for nine months, at 6 *l.* 2 *s.* 11 *d.* per diem	4	12	3
Excess cost of bread and meat for nine months	1	2	1
Accoutrements for nine months	–	–	9
Clothing, at 3 *l.* 4 *s.* 6 *d.* for nine months	2	8	4
Hospital expenses, at 17 *s.* 7 *d.* per annum, for nine months	–	13	1
Levy money	1	8	–
Charge for practice ammunition	1	–	–
Cost of free kit (exclusive of extra articles, formerly in the kit, but now issued as clothing)	3	7	8
Recruiting Staff expenses	3	1	–
Depôt expenses	16	16	10
Total £.	58	9	3

APPENDIX, No. 7.

Royal Horse Artillery.

£. 47. 10. 7.

	£.	s.	d.
Pay for nine months, at 1 *s.* 7½ *d.* per diem	21	19	1
Beer money for nine months, at 1 *d.* per diem	1	2	9
Marching money and cost of conveyance of Recruits, &c. (16 per cent. on pay)	3	10	3
Barrack accommodation for nine months, at 6 *l.* 2 *s.* 11 *d.* per annum	4	12	2
Excess cost of bread and meat for nine months	1	2	–
Accoutrements for nine months	–	1	2
Charge for Staff expenses	5	–	–
Clothing for nine months, at 3 *l.* 17 *s.* 2 *d.* per annum	2	17	10
Hospital expenses for ditto, at 17 *s.* 7 *d.* per annum	–	13	2
	40	18	5
Levy money	2	11	–
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing)	4	1	2
Total £.	47	10	7

APPENDIX, No. 8.

Royal Artillery.

£. 40. 11. 5

	£.	s.	d.
Pay for eight months, at 1 *s.* 5½ *d.* per diem	17	9	9
Beer money for eight months, at 1 *d.* per diem	1	–	3
Marching money, cost of conveyance of Recruits, &c. (16 per cent. on pay)	2	16	–
Barrack accommodation for eight months, at 6 *l.* 2 *s.* 11 *d.* per annum per man	4	2	–
Excess cost of bread and meat for eight months	–	19	8
Accoutrements for eight months	–	1	1
Charge for Staff expenses	5	–	–
Clothing for eight months, at 3 *l.* 18 *s.* 6 *d.* per annum	2	12	4
Hospital expenses for ditto, at 17 *s.* 7 *d.* per annum	–	11	8
	34	12	9
Levy money	2	11	–
Cost of free kit (exclusive of extra articles formerly in the kit, but now issued as clothing)	3	7	8
Total £.	40	11	5

APPENDIX, No. 9.

Royal Artillery.—Depôt Charges.

£. 64,759. 3. 11.

Statement of the Amount chargeable to Indian Revenues in respect of the Depôt of Royal Horse Artillery, Royal Artillery, and Riding Establishment, for One Year.

	Statement.	Amount.		
		£.	s.	d.
Depôt Royal Horse Artillery	A.	18,460	13	5
Depôt Brigade Royal Artillery	—	—		
Field Batteries	B.	24,630	1	5
Garrison Batteries	C.	12,189	10	–
Riding Establishment	D.	9,478	19	1
Total £.		64,759	3	11
	(Say)	64,000	–	–

APPENDIX, No. 9—*continued.*

STATEMENT A.

DEPÔT ROYAL HORSE ARTILLERY.—Forming TWO BATTERIES of DEPÔT BRIGADE.

Number.	RANK, PARTICULARS OF CHARGE, &c.	Total Daily Pay.	Total Annual Pay.
		£. s. d.	£. s. d.
2	Majors	1 16 –	
2	Captains	1 12 –	
6	Lieutenants	2 19 –	
1	Veterinary Surgeon	– 10 –	
11	Total Officers.	6 17 –	2,500 5 –
2	Field Battery Serjeant Majors	– 7 8	
2	Field Quartermaster Serjeants	– 7 8	
1	Farrier Major	– 4 –	
1	Collarmaker Major	– 3 6	
1	Wheeler Major	– 3 6	
14	Serjeants	2 – 10	
2	Farrier and Carriage Smiths	– 6 8	
2	Trumpeters	– 4 –	
25	Total Non-commissioned Officers.	3 17 10	1,420 9 2
12	Corporals	1 7 –	
10	Bombadiers	1 – 10	
6	Shoeing Smiths	– 13 –	
4	Collarmakers	– 8 –	
4	Wheelers	– 8 –	
53	Gunners	3 10 8	
89	Total Rank and File.	7 7 6	2,691 17 6
125	All Ranks.		
	Additional Pay	–	153 – –
	Command Pay	–	109 – –
	Good Conduct Pay	–	469 – –
	Contingent Allowance	–	162 – –
	Mess Allowance	–	50 – –
	Farriery Allowance	–	194 – –
	Postage and Stationery Allowance	–	35 – –
	Rough Riders	–	18 – –
	Instruction in Gunnery	–	23 – –
	Gymnastic Instruction	–	14 – –
	Pay of Subordinates of Paymaster's Department	–	156 – –
	Cooks	–	3 – –
	Schools	–	316 – –
	Libraries	–	25 – –
	Pay of Paymaster	–	118 – –
	Forage for 181 Horses, at 1*s.* 10*d.* per diem { Officers, 11 / Depôt, 170 }	–	6,065 19 2
	Barrack Accommodation for 125 Officers and Men, at 7 *l.* 10*s.* 4*d.* per annum	–	939 11 8
	Bread and Meat, at 7*d.* per diem, for 114 Non-commissioned Officers and Men	–	1,213 12 6
	Clothing for 25 Non-commissioned Officers, at 8 *l.* 2*s.* 2½*d.* per annum	–	202 15 2
	Clothing for 89 Rank and File, at 3 *l.* 17*s.* 1¾*d.* per annum	–	343 6 –
	Charge for Cast Horses (18 Horses at 51 *l.*, minus 22 *l.* 2*s.*)	–	520 4 –
	Proportion of Depôt Brigade Staff (Statement F.)	–	727 13 3
	CHARGEABLE TO INDIA £.		18,460 13 5

APPENDIX, No. 9—*continued.*

STATEMENT B.

DEPÔT BRIGADE, R. A.—THREE FIELD BATTERIES.

Numbers.	RANK, PARTICULARS OF CHARGE, &c.	Total Daily Pay.	Total Annual Pay.
		£. s. d.	£. s. d.
3	Majors	2 3 6	793 17 6
3	Captains	1 13 –	602 5 –
9	Lieutenants	2 10 3	917 1 3
1	Veterinary Surgeon	– 10 –	182 10 –
16	Total Officers.		
3	Field Battery Serjeant Majors	– 11 –	200 15 –
3	Field Battery Quartermaster Serjeants	– 11 –	200 15 –
27	Serjeants	3 14 3	1,355 1 3
3	Farriers	– 9 6	173 7 6
6	Trumpeters	– 7 3	132 6 3
42	Total Non-commissioned Officers.		
18	Corporals	1 17 6	684 7 6
18	Bombardiers	1 14 6	629 12 6
12	Shoeing Smiths	1 4 –	438 – –
6	Collarmakers	– 10 6	191 12 6
6	Wheelers	– 10 6	191 12 6
74	Gunners	4 9 5	1,631 17 1
134	Total Rank and File.		
192	Total all Ranks.		
	Additional Pay		308 – –
	Command Pay		125 – –
	Good Conduct Pay		737 – –
	Contingent Allowance		151 – –
	Mess Allowance		94 – –
	Farriery Allowance		100 – –
	Postage and Stationery Allowance		51 – –
	Rough Riders		7 – –
	Gunnery Instruction		35 – –
	Gymnastic Instruction		10 – –
	Cooks		4 – –
	Library		22 – –
	Schools		347 – –
	Pay of Paymaster		183 – –
	Pay of Subordinates of Pay Department		193 – –
	Barrack Accommodation for 192, all Ranks, at 7 *l.* 10 *s.* 4 *d.* per annum		1,443 4 –
	Clothing for 42 Non-commissioned Officers, 6 *l.* 2 *s.* 0½ *d.* per annum		256 4 10
	Clothing for 134 Rank and File, at 3 *l.* 18 *s.* 5 *d.* per annum		525 7 10
	Bread and Meat, at 7 *d.* per diem for 176 Non-commissioned Officers and Men		903 9 4
	Forage for 268 Horses, at 1 *s.* 10 *d.* per diem		8,966 16 8
	Charge for Cast Horses (26 Horses at 51 *l.* each, less 22 *l.* 2 *s.*)		751 8 –
	Proportion of Depôt Brigade Staff (Statement F.)		1,091 9 11
	CHARGEABLE TO INDIA £.		24,630 1 5

LIBRARY OF THE BOARD OF TRADE BRANCH OF THE ASIATIC SOCIETY

APPENDIX, No. 9—*continued.*

STATEMENT C.

DEPÔT BRIGADE, R. A.—SEVEN GARRISON BATTERIES.

Numbers.	RANK, PARTICULARS OF CHARGE, &c.	Total Daily Pay.	Total Annual Pay.
		£. s. d.	£. s. d.
7	Majors	5 1 6	1,852 7 6
7	Captains	3 17 –	1,405 5 –
14	Lieutenants	3 18 2	1,426 10 10
28	Total Officers.		
7	Battery Serjeants Major	1 2 9	415 3 9
73	Serjeants	10 – 9	3,663 13 9
14	Trumpeters	– 16 11	308 14 7
94	Total Non-commissioned Officers.		
30	Corporals	3 2 6	1,140 12 6
42	Bombardiers	4 – 6	1,469 2 6
149	Gunners	9 – –½	3,285 15 2
221	Total Rank and File.		
343	All Ranks.		
	Additional Pay	– –	720 – –
	Command Pay	– –	359 – –
	Good Conduct Pay	– –	1,710 – –
	Contingent Allowances	– –	355 – –
	Mess Allowance	– –	220 – –
	Farriery Allowance	– –	234 – –
	Postage and Stationery Allowance	– –	121 – –
	Rough Riders	– –	19 – –
	Gunnery Instruction	– –	83 – –
	Gymnastic Instruction	– –	24 – –
	Schools	– –	810 – –
	Libraries	– –	53 – –
	Pay of Paymasters	– –	429 – –
	Pay of Subordinates of Pay Department	– –	451 – –
	Barrack Accommodation for 343, all Ranks, at 7 *l.* 10 *s.* 4 *d.* per annum	– –	2,578 4 4
	Clothing for 94 Non-commissioned Officers, at 6 *l.* 2 *s.* 0¼ *d.* per annum	–	573 9 11
	Clothing for 221 Rank and File, at 3 *l.* 18 *s.* 5 *d.* per annum	– –	866 10 1
	Bread and Meat, at 7 *d.* per diem, for 315 Non-commissioned Officers and Men	– –	3,353 8 9
	Proportion of Depôt Brigade Staff (Statement F.)	– –	2,546 16 5
	TOTAL	– –	30,473 15 1
	The proportion due by India is two-fifths of the above amount or (*see* Paper marked G.)	– –	12,189 10 –

APPENDIX, No. 9—*continued.*

STATEMENT D.

RIDING ESTABLISHMENT.—ROYAL ARTILLERY.

Numbers.	RANK, PARTICULARS OF CHARGE, &c.	Total Daily Pay.	Total Annual Pay.
		£. s. d.	£. s. d.
1	Major	– 18 –	
1	Captain	– 16 –	
2	Lieutenants	– 19 8	
2	Riding Masters	– 18 –	
1	Surgeon	– 15 –	
1	Veterinary Surgeon	– 10 –	
8	Total Officers.	4 16 8	1,764 3 4
2	Serjeant Majors	– 8 8	
2	Quartermaster Serjeants	– 7 8	
6	Serjeants	– 17 6	
1	Orderly-room Serjeant	– 2 11	
1	Farrier and Carriage Smith	– 3 4	
1	Trumpeter	– 2 –	
13	Total Non-commissioned Officers.	2 2 1	768 – 5
8	Corporals	– 18 –	
8	Bombardiers	– 16 8	
6	Shoeing Smiths	– 13 –	
2	Collarmakers	– 3 10	
1	Wheeler	– 1 11	
90	Gunners	6 – –	
90	Drivers	5 12 6	
205	Total Rank and File.	14 5 11	5,217 19 7
	Additional Pay	– –	136 – –
	Command Pay	– –	148 – –
	Good Conduct Pay	– –	433 – –
	Contingent Allowance	– –	52 – –
	Mess Allowance	– –	36 – –
	Farriery Allowance	– –	245 – –
	Postage and Stationery	– –	12 – –
	Subordinates of Pay Department	– –	18 – –
	Library Allowance	– –	2 10 –
	Barrack Accommodation, at 7 *l.* 10 *s.* 4 *d.* per annum, for 226 all Ranks	– –	1,698 15 4
	Clothing for 13 Non-commissioned Officers, at 6 *l.* 2 *s.* 0¼ *d.* per annum	– –	79 6 3
	Clothing for 205 Rank and File, at 3 *l.* 18 *s.* 5 *d.* per annum	– –	803 15 5
	Bread and Meat, at 7 *d.* per diem for 218 Non-commissioned Officers and Men	– –	2,320 15 10
	Forage for 144 Horses, at 1 *s.* 10 *d.* per diem	– –	4,818 – –
	Charge for Cast Horses (14 Horses at 51 *l.* each, less 22 *l.* 2 *s.*)	– –	404 12 –
			18,957 18 2
	Moiety chargeable to India (Statement E.)	– –	9,478 19 1

APPENDIX, No. 9—*continued.*

STATEMENT E.

ROYAL ARTILLERY.

DETAILS of Duties Performed by the Riding Establishment, Royal Artillery, at Woolwich.

	Duration of Course.	Number of Lessons Imparted.		Number Instructed.	Proportion for India.	Proportion for British.	Number of Months on each Establishment.	
		Equitation.	Swords-manship.				India.	British.
Young Officers - - -	3 months	40	40	28	17	11	51	33
Gentleman Cadets - -	6 „	240	50	73	33	40	198	240
Rough Riders - - -	8 „	- daily -		7	1	6	8	48
Driver's Course - - -	12 „	- daily -		20	20	–	240	–
					TOTAL - - -		497	321

Say one moiety applicable to India.

STATEMENT F.

ROYAL ARTILLERY.—DEPÔT BRIGADE STAFF.

Numbers.	RANK, PARTICULARS OF CHARGE, &c.	Total Daily Pay.			Total Annual Pay.		
		£.	s.	d.	£.	s.	d.
1	Surgeon Major - - - - - - - -	1	7	–	492	15	–
1	Ditto - - - - - - - - -	1	4	–	438	–	–
1	Ditto - - - - - - - - -	1	–	–	365	–	–
1	Surgeon - - - - - - - -	–	17	6	319	7	6
1	Ditto - - - - - - - - -	–	15	–	273	15	–
1	Ditto - - - - - - - - -	–	12	6	228	2	6
1	Riding Master - - - - - - - -	–	9	–	164	5	–
2	Adjutants - - - - - - - - -	1	5	4	462	6	8
1	Surgeon - - - - - - - - -	–	17	6	319	7	6
10	Total Officers.						
2	Serjeant Majors - - - - - - - -	–	8	4	152	1	8
2	Quartermaster Serjeants - - - - - -	–	7	4	133	16	8
2	Trumpet Majors - - - - - - - -	–	5	6	100	7	6
2	Armourer Serjeants - - - - -	–	5	6	100	7	6
2	Orderly-room Serjeants - - - - -	–	5	6	100	7	6
2	Paymaster Serjeants - - - - - -	–	5	6	100	7	6
2	Serjeant Cooks - - - - - - - -	–	5	6	100	7	6
14	Total Non-commissioned Officers.						
	Forage for three Horses of Surgeon Majors, at 1*s.* 10*d.* per diem - - - - - - -	-		-	100	7	6
	Barrack Accommodation for 24 of all Ranks, at 7 *l.* 10 *s.* 4 *d.* per annum - - - - -	-		-	180	8	–
	Clothing for 14 Non-commissioned 6*s.* 2*s.* 0¼*d.* per annum - - - - - - - -	-		-	85	8	3
	Bread and Meat for 14 Non-commissioned Officers, at 7*d.* per diem - - - - - - -	-		-	149	10	–
					4,365	19	7
	The Depôt Brigade, Royal Artillery, consists of 12 Batteries; viz., 2 Horse, 3 Field, and 7 Garrison. The proportion due to each is as follows:						
	2-12ths Royal Horse Artillery - - -	-		-	727	13	3
	3-12th Field Batteries - - - - -	-		-	1,091	9	11
	7-12th Garrison Batteries - - - -	-		-	2,546	16	5
		TOTAL - - -		£.	4,365	19	7

APPENDIX, No. 9—*continued.*

STATEMENT G.

ROYAL ARTILLERY, 1875–6.

	British Establishment.			Indian Establishment.		
	No. of Batteries.	No. of Officers.	No. of Men.	No. of Batteries.	No. of Officers.	No. of Men.
Royal Horse Artillery, 3 Brigades of 5 Batteries	15	101	2,313	–	–	–
Royal Horse Artillery, of 5 Batteries	–	–	–	15	117	2,380
9 Garrison Brigades of 7 Batteries each — 5 Home	35	175	5,145	–	–	–
9 Garrison Brigades of 7 Batteries each — 4 Colonial	28	140	3,666	–	–	–
4 Garrison Brigades, of 7 Batteries	–	–	–	28	176	2,460
6 Field Brigades, of 7 Batteries	42	274	6,525	–	–	–
Ditto - - ditto	–	–	–	42	300	6,797
Officers in Excess of Establishment	–	–	–	–	3	–
Coast Brigade of 10 Batteries	10	26	1,160	–	–	–
Depôt, Royal Horse Artillery	2	11	411	–	–	–
„ Royal Artillery	10	49	2,125	–	–	–
Riding Establishment	–	7	218	–	–	–
District Staff	–	42	275	–	–	–
TOTAL	142	825	21,838	85	596	11,637

4 Garrison Brigades. Colonial No. of Men - - - - 3,666
4 „ „ India „ - - - - 2,460

The proportion due to India is two-fifths.

APPENDIX, No. 10.

ROYAL HORSE ARTILLERY.

£. 57. 5. 8.

	£.	s.	d.	£.	s.	d.
Pay for nine months, at 1 *s.* 4 *d.* per diem (273 days)				18	4	–
Cost of bread and meat for nine months, at 7 *d.* per diem (273 days)				7	19	3
Clothing for nine months, at 3 *l.* 17 *s.* 2 *d.* per annum				2	17	11
Barrack accommodation for six months, at 7 *l.* 10 *s.* 4 *d.* per annum				3	15	2
Cost of conveyance of Recruits				1	–	–
Charge for practice ammunition				1	–	–
Forage for 1 horse for six months, at 1 *s.* 10 *d.* per diem (182 days)				16	13	8
				51	10	–
Levy money	1	8	–			
Cost of free kit	4	7	8			
				5	15	8
TOTAL £.				57	5	8

APPENDIX, No. 11.

Royal Artillery.

£. 26. 16. 4.

	£.	s.	d.
Pay for six months, at 1 *s.* 2½ *d.* per diem (182 days)	10	19	11
Cost of bread and meat for six months, at 7 *d.* per diem (182 days)	5	6	2
Clothing for six months, at 3 *l.* 18 *s.* 5 *d.* per annum	1	19	2
Barrack accommodation for three months, at 7 *l.* 10 *s.* 4 *d.* per annum	1	17	7
Cost of conveyance of recruits	1	–	–
Charge of practice ammunition	1	–	–
	22	2	10
Levy money (£. 1, s. 8, d. –)			
Cost of free kit (£. 3, s. 5, d. 6)			
	4	13	6
Total £.	26	16	4

APPENDIX, No. 12.

Royal Engineers.

	£.		£.
For each Quartermaster Serjeant	190	For each Corporal	125
For each Colour Serjeant	150	For each 2nd Corporal	110
For each Serjeant	140	For each Lance Corporal and Sapper	90

APPENDIX, No. 13.

Educational Services.

	£.	s.	d.
Royal Military Academy	9,924	7	11
School of Military Engineering, Chatham	7,758	5	8
School of Musketry	2,475	–	–
School of Gunnery	5,357	15	8
Staff College, Sandhurst	2,017	–	–
Military Medical School	1,120	14	6
Royal Military College, Sandhurst	—		
Total £.	28,653	3	9

APPENDIX, No. 14.

Estimated Charge incurred by the Public for the Education of an Officer of the Royal Engineers.

	£.	s.	d.
Pay for two months (60 days), from date of Gazette to date of joining, at 5 *s.* 7 *d.* per diem	16	15	–
Pay for two years, at 5 *s.* 7 *d.* per diem	203	15	10
Extra pay for two years, at 2 *s.* 9 *d.* per diem	100	7	6
Servants' allowance, 1 *s.* 6 *d.* per diem	54	15	–
Mess allowance, at 6 *l.* 5 *s.* per annum	12	10	–
Total £.	388	3	4
(Say)	350	–	–

EAST INDIA
(CLAIMS FOR RECRUITS, &c).

COPY of the DOCUMENTS referred to in the TREASURY MINUTE of 2 July 1878, relating to CLAIM of the WAR OFFICE against the INDIA OFFICE.

COPY of the REPORT of the COMMITTEE over which Mr. *Bouverie* Presided, and dated 1 June 1875, relating to CLAIMS of WAR OFFICE against INDIA.

(*Sir George Balfour.*)

Ordered, by The House of Commons, *to be Printed,*
16 *December* 1878.

[*Price* 6 *d.*]

Under 6 *oz.*

No 65 p879

ARMY (INDIAN HOME CHARGES).

To be Voted in Aid of ARMY ESTIMATES to Provide for the Home Charges incurred for the REGULAR FORCES serving in INDIA.

I. ESTIMATE of the SUM which will be required to be transferred in Aid of Army Votes in the Year ending 31st March 1880, to meet the estimated Charge to be incurred in Recruiting and Training Officers and Men, and in defraying the Non-Effective Expenditure for the REGULAR FORCES serving in INDIA.

One Million and One Hundred Thousand Pounds.

II. SUB-HEADS under which this Vote will be accounted for.

	£.	£.
A.—Amount to be transferred in Aid of Vote 1 of the Army Estimates, to meet the Expenditure for the following Services for the Regular Forces serving in India:—		
1. Probable Amount incurred in Raising and Training Recruits for drafts to Regiments on Indian Service	310,000	
2. Charge for Regiments embarking for Service in India after deducting the Amount allowed to the Indian Government on account of Regiments relieved	70,000	
3. Pay of Colonels of Cavalry and Infantry of Regiments serving in India, and Agency Charges	55,000	
4. Pay, including Deferred Pay, &c. of Invalids and Time-expired Men waiting Discharge from the Army on return from Indian Service	70,000	
5. Proportion of Cost of Establishments for the Military Education of Officers and Men on entering the Army	26,000	
6. Miscellaneous Charges arising on the Transit of Men to and from India, and charged in Army Accounts	19,000	550,000
B.—Amount to be transferred in Aid of Votes of the Army Estimates, to meet the Expenditure to be incurred for Non-Effective Charges for the Regular Forces serving in India:		
Vote 17.—Army Estimates—Rewards	2,000	
„ 18. „ Pay of General Officers	38,000	
„ 19. „ Retired Full-Pay and Half-Pay, &c.	100,000	
„ 20. „ Widows' Pensions	20,000	
„ 23. „ Out-Pensions	390,000	550,000
	£.	1,100,000
ESTIMATED EXTRA RECEIPTS from the Indian Government to meet the foregoing Charges		£. 1,100,000

War Office,
13 February 1879

FRED. STANLEY.

BOMBAY BRANCH
OF THE
Royal Asiatic Society.
CLASS
26.

ARMY (INDIAN HOME CHARGES).

ESTIMATE of the Sum which will be required to be transferred in Aid of Army Votes in the Year ending 31st March 1880, to meet the estimated Charge to be incurred in Recruiting and Training Officers and Men, and in defraying the Non-Effective Expenditure for the Regular Forces serving in India.

(Presented by Her Majesty's Command.)

Ordered, by The House of Commons, *to be Printed,*
13 *February* 1879.

Vo 28 1879

EAST INDIAN RAILWAY COMPANY.

RETURN to an Order of the Honourable The House of Commons, dated 24 February 1879;—*for*,

RETURN "showing the SUBSCRIBED CAPITAL of the EAST INDIAN RAILWAY COMPANY at the present Date, the Amount of Interest Debt on the 30th June 1878, and the Gross Traffic Receipts, Gross Working Expenses, Net Revenue, Guaranteed Interest, and Surplus Profits, for the Year ended on the 30th June 1878."

SUBSCRIBED CAPITAL.		£. s. d.
Share Capital (on which the Purchase Money has been based)		26,200,000 – –
Capital not bearing Interest, Premium, &c.		216,601 – –
Liabilities retained by the Secretary of State:		
Debentures	£. 2,950,000	
Debenture Stock	1,500,000	
	4,450,000 – –	
	£.	30,866,601 – –

INTEREST DEBT on the 30th June 1878.		
Guaranteed Interest advanced in excess of Net Revenue		4,505,279 11 8
Interest thereon calculated at 5 per cent.		4,519,156 19 11
	£.	9,024,436 11 7

REVENUE and INTEREST for the Year ended on the 30th June 1878.

		Rs. a. p.
Gross Traffic Receipts		4,24,63,286 2 4
Gross Working Expenses		1,40,31,952 2 8
NET REVENUE		2,84,31,333 15 8
Guaranteed Interest	£. 1,494,739 9 5 = *Rs.* 1,63,06,248 12 5	
Interest on overdrawn Balance of the Jubbulpore Line	79,256 9 4	
	1,63,85,505 5 9	
SURPLUS PROFITS	*Rs.*	1,20,45,828 9 11

Appropriated as under.		
Contribution to the Company's Provident Fund		2,73,583 10 1
Moiety of remainder paid to the Railway Company		58,86,122 7 11
Ditto retained by Government in Reduction of Interest Debt		58,86,122 7 11
	Rs.	1,20,45,828 9 11

India Office,
24 February 1879.

EDWARD STANHOPE,
Under Secretary of State for India.

EAST INDIAN RAILWAY COMPANY.

RETURN showing the Subscribed Capital of the East Indian Railway Company at the present Date, the Amount of Interest Debt on 30 June 1878, and the Gross Traffic Receipts, Gross Working Expenses, Net Revenue, Guaranteed Interest, and Surplus Profits, for the Year ended on 30 June 1878.

(*Mr. Edward Stanhope.*)

Ordered, by The House of Commons, *to be Printed,*
24 *February* 1879.

Railways and Telegraphs in India Bill. [H.L.]

ARRANGEMENT OF CLAUSES.

Clauses.

1. Interpretation.
2. Power for guaranteed company to enter into working agreements.
3. Power for guaranteed company to make agreements with the Secretary of State as to telegraphs.
4. Additional powers of guaranteed company.
5. Alteration of agreements.
6. Sanction of shareholders for sale or lease of railway.
7. Power for Secretary of State to delegate to Governor General right of sanction under this Act.
8. Powers of Act cumulative.
9. Validation of past agreements.
10. Short title.

SCHEDULE.

A

B I L L

INTITULED

An Act to enable Guaranteed Railway Companies in India and the Secretary of State for India in Council to enter into Agreements with respect to the working of Railways, and with respect to Telegraphs, and to confer upon those Companies additional powers with respect to their undertakings. A.D. 1879.

BE it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Interpretation.

1. In and for the purposes of this Act,—

The term "guaranteed company" means any of the companies specified in the schedule to this Act, and any railway company which for the time being constructs, maintains, or works a railway under any guarantee from or arrangement with the Secretary of State for India in Council.

The term "railway company" includes any person or body of persons being the owner or lessee of or working a railway.

The term "railway" means a railway constructed before or after the passing of this Act, and belonging to the Secretary of State for India in Council, or situate in Her Majesty's territories in India, or in any territory in the East Indies belonging to any native prince or state in alliance with Her Majesty or to any European power, and includes any tramway so belonging or situate and worked by steam power, and any ferry so belonging or situate and worked or used in connection with a railway.

Power for guaranteed company to enter into working agreements.

2. A guaranteed company may from time to time make with the Secretary of State for India in Council, and carry into effect, or, with the sanction of the Secretary of State for India in Council, make with any railway company, and carry into effect, any agreement with respect to any of the following purposes; namely,

(*a.*) The working, use, management, and maintenance of any railway or part of a railway:

A.D. 1879.

(*b.*) The supply of rolling stock and machinery necessary for any of the purposes herein-before mentioned, and of officers and servants for the conduct of the traffic of any such railway or part:

(*c.*) The payments to be made and the conditions to be performed with respect to such working, use, management, and maintenance:

(*d.*) The interchange, accommodation, and conveyance of traffic on, coming from, or destined for, the respective railways of the contracting parties, and the fixing, collecting, apportionment, and appropriation of the revenues arising from that traffic:

(*e.*) Generally the giving effect to any provisions or stipulations with respect to any of the purposes herein-before mentioned as the contracting parties may think fit and mutually agree on.

Power for guaranteed company to make agreements with the Secretary of State as to telegraphs.

3. A guaranteed company may from time to time make with the Secretary of State for India in Council, and carry into effect, any agreement with respect to any of the following purposes; namely,

(*a.*) The surrendering, selling, or letting by the company to the Secretary of State of all or any part of the telegraphs belonging to the company:

(*b.*) The doing of any thing connected with the working, use, management, or maintenance of or otherwise relating to any telegraphs in India which belong to the Secretary of State in Council or a guaranteed company, or in which the Secretary of State in Council and any such company is for the time being interested, including the application of the revenue to arise from any such telegraphs:

(*c.*) Generally the giving effect to any such provisions or stipulations with respect to any such telegraphs as the Secretary of State in Council and any such company may think fit and mutually agree on.

Additional powers of guaranteed company.

4. A guaranteed company may from time to time, with the sanction of the Secretary of State for India in Council, exercise all or any of the following powers:

(*a.*) They may make and carry into effect any agreement for the sale or lease of the whole or any part of their railway or property to the Secretary of State for India in Council, or any person or body of persons:

(*b.*) They may farm or work any ferry used or capable of being used in connection with their railway: A.D. 1879

(*c.*) They may construct, buy or hire, and use, maintain, and work, any bridge of boats, swing bridge, flying bridge, pontoon, or raft used or capable of being used in connection with their railway:

(*d.*) They may construct, buy or hire, and use, maintain, and work, or enter into arrangements for using, maintaining, or working, steam vessels, flats, or other vessels for the purpose of carrying on a communication between any part of their railway and any place on or near any river or navigable water in India:

(*e.*) They may take tolls in respect of any such ferry, bridge, pontoon, raft, vessel, or flat:

(*f.*) They may make and carry into effect agreements with the Secretary of State for India in Council, or any person or body of persons, for the construction of rolling stock, plant, or machinery used on or in connection with railways, or for leasing or taking on lease any rolling stock, plant, machinery, or equipments required for use on a railway, or for steam navigation connected with a railway:

(*g.*) They may construct, use, and maintain any road in connection with a railway bridge, and take tolls in respect of any such road:

(*h.*) They may make and carry into effect agreements for undertaking work as carriers by land or water between any part of their railway and any other place.

A guaranteed company shall have, for the purpose of recovering any tolls which they are authorised to take under this section, such powers as may be conferred upon them by laws and regulations made by the Governor General of India in Council.

Alteration of agreements.

5. (1.) The Secretary of State for India in Council may, for the purposes of this Act, from time to time make with a guaranteed company any agreement for cancelling or modifying any agreement, right, or guarantee at any time existing with respect to the undertaking of the company, and for substituting therefor any new agreement, right, or guarantee.

(2.) For the purposes of this Act, any alteration of an agreement shall be deemed an agreement.

Sanction of shareholders for sale or lease of railway.

6. An agreement made under this Act by a guaranteed company for the sale or lease of a railway or of any part of a railway shall not have any operation unless and until it has been approved

A.D. 1879.

by a majority of the votes of the shareholders and stockholders entitled to vote at meetings of the company, at a general meeting of the company specially convened for that purpose.

Power for Secretary of State to delegate to Governor General right of sanction under this Act.

7. The Secretary of State for India in Council may from time to time, with respect to any case or class of cases, delegate to the Governor General of India in Council the power to give any sanction required under this Act.

Powers of Act cumulative.

8. The powers conferred by this Act shall be in addition to and not in derogation of any powers existing independently of this Act.

Validation of past agreements.

9. Any agreement made before the passing of this Act by a guaranteed company for any of the purposes specified in this Act shall be as valid as if it had been made after the passing of this Act.

Short title.

10. This Act may be cited as the Indian Guaranteed Railways Act, 1879.

SCHEDULE.

The Great Indian Peninsular Railway Company.
The East Indian Railway Company.
The Madras Railway Company.
The Bombay, Baroda, and Central India Railway Company.
The Scinde, Punjab, and Delhi Railway Company.
The Eastern Bengal Railway Company.
The South Indian Railway Company.
The Oude and Rohilcund Railway Company (Limited).

Railways and Telegraphs in India. [H.L.]

A

B I L L

INTITULED

An Act to enable Guaranteed Railway Companies in India and the Secretary of State for India in Council to enter into Agreements with respect to the working of Railways, and with respect to Telegraphs, and to confer upon those Companies additional powers with respect to their undertakings.

(*Presented by The Viscount Cranbrook.*)

Ordered to be printed 28th April 1879.

(63.)

Under 1 *oz.*

Railways and Telegraphs in India Bill. [H.L.]

ARRANGEMENT OF CLAUSES.

Clauses.

1. Interpretation.
2. Power for guaranteed company to enter into working agreements.
3. Power for guaranteed company to make agreements with the Secretary of State as to telegraphs.
4. Additional powers of guaranteed company.
5. Alteration of agreements.
6. Sanction of shareholders for sale or lease of railway.
7. Power for Secretary of State to delegate to Governor General right of sanction under this Act.
8. Powers of Act cumulative.
9. Validation of past agreements.
10. Short title.

SCHEDULE.

[Bill 192.] A

A

B I L L

INTITULED

An Act to enable Guaranteed Railway Companies in India and the Secretary of State for India in Council to enter into Agreements with respect to the working of Railways, and with respect to Telegraphs, and to confer upon those Companies additional powers with respect to their undertakings. A.D. 1879.

[Note.—*The words and clause printed in red ink are proposed to be inserted in Committee.*]

BE it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Interpretation.

1. In and for the purposes of this Act,—

The term "guaranteed company" means any of the companies specified in the schedule to this Act, and any railway company which for the time being constructs, maintains, or works a railway under any guarantee from or arrangement with the Secretary of State for India in Council.

The term "railway company" includes any person or body of persons being the owner or lessee of or working a railway.

The term "railway" means a railway constructed before or after the passing of this Act, and belonging to the Secretary of State for India in Council, or situate in Her Majesty's territories in India, or in any territory in the East Indies belonging to any native prince or state in alliance with Her Majesty or to any European power, and includes any tramway so belonging or situate and worked by steam power, and any ferry so belonging or situate and worked or used in connection with a railway.

Power for guaranteed company to enter into working agreements.

2. A guaranteed company may from time to time make with the Secretary of State for India in Council, and carry into effect, or with the sanction of the Secretary of State for India in Council,

A.D. 1879.

make with any railway company, and carry into effect, any agreement with respect to any of the following purposes; namely,

(*a.*) The working, use, management, and maintenance of any railway or part of a railway:

(*b.*) The supply of rolling stock and machinery necessary for any of the purposes herein-before mentioned, and of officers and servants for the conduct of the traffic of any such railway or part:

(*c.*) The payments to be made and the conditions to be performed with respect to such working, use, management, and maintenance:

(*d.*) The interchange, accommodation, and conveyance of traffic on, coming from, or destined for, the respective railways of the contracting parties, and the fixing, collecting, apportionment, and appropriation of the revenues arising from that traffic:

(*e.*) Generally the giving effect to any provisions or stipulations with respect to any of the purposes herein-before mentioned as the contracting parties may think fit and mutually agree on.

Power for guaranteed company to make agreements with the Secretary of State as to telegraphs.

CLAUSE 3. A guaranteed company may from time to time make with the Secretary of State for India in Council, and carry into effect, any agreement with respect to any of the following purposes; namely,

(*a.*) The surrendering, selling, or letting by the company to the Secretary of State of all or any part of the telegraphs belonging to the company:

(*b.*) The doing of any thing connected with the working, use, management, or maintenance of or otherwise relating to any telegraphs in India which belong to the Secretary of State in Council or a guaranteed company, or in which the Secretary of State in Council and any such company is for the time being interested, including the application of the revenue to arise from any such telegraphs:

(*c.*) Generally the giving effect to any such provisions or stipulations with respect to any such telegraphs as the Secretary of State in Council and any such company may think fit and mutually agree on.

Additional powers of guaranteed company.

4. A guaranteed company may from time to time, with the sanction of the Secretary of State for India in Council, exercise all or any of the following powers:

(*a.*) They may make and carry into effect any agreement for the sale or lease of the whole or any part of their railway or property to the Secretary of State for India in Council, or any person or body of persons:

(*b.*) They may farm or work any ferry used or capable of being used in connection with their railway:

(*c.*) They may construct, buy or hire, and use, maintain, and work, any bridge of boats, swing bridge, flying bridge, pontoon, or raft used or capable of being used in connection with their railway:

(*d.*) They may construct, buy or hire, and use, maintain, and work, or enter into arrangements for using, maintaining, or working, steam vessels, flats, or other vessels for the purpose of carrying on a communication between any part of their railway and any place on or near any river or navigable water in India:

(*e.*) They may take tolls in respect of any such ferry, bridge, pontoon, raft, vessel, or flat:

(*f.*) They may make and carry into effect agreements with the Secretary of State for India in Council, or any person or body of persons, for the construction of rolling stock, plant, or machinery used on or in connection with railways, or for leasing or taking on lease any rolling stock, plant, machinery, or equipments required for use on a railway, or for steam navigation connected with a railway:

(*g.*) They may construct, use, and maintain any road in connection with a railway bridge, and take tolls in respect of any such road:

(*h.*) They may make and carry into effect agreements for undertaking work as carriers by land or water between any part of their railway and any other place.

A guaranteed company shall have, for the purpose of recovering any tolls which they are authorised to take under this section, such powers as may be conferred upon them by laws and regulations made by the Governor General of India in Council.

Alteration of agreements.

5. (1.) The Secretary of State for India in Council may, for the purposes of this Act, from time to time make with a guaranteed company any agreement for cancelling or modifying any agreement, right, or guarantee at any time existing with respect to the undertaking of the company, and for substituting therefor any new agreement, right, or guarantee.

A.D. 1879.

(2.) For the purposes of this Act, any alteration of an agreement shall be deemed an agreement.

Sanction of shareholders for sale or lease of railway.

6. An agreement made under this Act by a guaranteed company for the sale or lease of a railway or of any part of a railway shall not have any operation unless and until it has been approved by a majority of the votes of the shareholders and stockholders entitled to vote at meetings of the company, at a general meeting of the company specially convened for that purpose.

Power for Secretary of State to delegate to Governor General right of sanction under this Act.

7. The Secretary of State for India in Council may from time to time, with respect to any case or class of cases, delegate to the Governor General of India in Council the power to give any sanction required under this Act.

Powers of Act cumulative.

8. The powers conferred by this Act shall be in addition to and not in derogation of any powers existing independently of this Act.

Validation of past agreements.

9. Any agreement made before the passing of this Act by a guaranteed company for any of the purposes specified in this Act shall be as valid as if it had been made after the passing of this Act.

Short title.

10. This Act may be cited as the Indian Guaranteed Railways Act, 1879.

Railways and Telegraphs in India. [H.L.]

A

B I L L

INTITULED

An Act to enable Guaranteed Railway Companies in India and the Secretary of State for India in Council to enter into Agreements with respect to the working of Railways, and with respect to Telegraphs, and to confer upon those Companies additional powers with respect to their undertakings.

(*Brought from the Lords* 13 *May* 1879.)

Ordered, by The House of Commons, *to be Printed*, 19 *May* 1879.

[Bill 192.]

Under 1 *oz.*

EAST INDIA (LOANS RAISED IN ENGLAND).

143.

RETURN of all LOANS raised in *England* under the Provisions of any Acts of Parliament, chargeable on the REVENUES of *India*, outstanding at the Commencement of the Half-year ending on the 31st March 1879, with the Rates of Interest and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the public convenience will allow, the Purpose or Service for which Moneys have been raised during the Half-year.

DESCRIPTION OF LOAN.	RATE OF INTEREST.	Total Amount of Interest payable thereon during the Half-year ended 31 March 1879.	DATE OF TERMINATION OF LOAN.	Amount of Debt outstanding on 1 October 1878.	Amount of Debt incurred during the Half-year ended 31 March 1879.	Moneys raised during the Half-year ended 31 March 1879.	Amount of Debt paid off or discharged during the Half-year ended 31 March 1879.	Amount of Debt outstanding on 31 March 1879.
LOANS BEARING INTEREST.		£.		£.	£.	£.	£.	£.
East India Bonds	4 per cent.	109,934	At any time after 12 calendar months' notice	5,496,700	- -	- -	- -	5,496,700
Ditto	4 „	5,041	16th November 1878	500,000	- -	- -	500,000	—
Ditto	5 „	12,603	4th February 1879	- -	1,000,000	1,000,000	1,000,000	—
Ditto	5 „	6,233	16th February 1879	- -	500,000	500,000	500,000	—
Ditto	3 „	- -	4th April 1879	- -	1,000,000	1,000,000	- -	1,000,000
India Debentures	4 „	160,514	16th August 1884	8,081,500	- -	- -	485,000	7,596,500
India 5 per Cent. Stock	5 „	430,000	Not redeemable until 5th July 1880, but after that day upon one year's notice by the Secretary of State for India in Council	17,200,000	- -	- -	- -	17,200,000
India 4 per Cent. Stock	4 „	550,000	Not redeemable until 10th October 1888, but after that day upon one year's notice by the Secretary of State for India in Council	27,500,000	1,215,000	1,227,909	- -	28,715,000
	£.	1,274,325	TOTAL DEBT in ENGLAND, bearing Interest £.	58,778,200	3,715,000	3,727,909	2,485,000	60,008,200
LOANS NOT BEARING INTEREST AT THE DATE OF THIS RETURN.								
East India Bonds			On presentation of the Bonds	20,917	- -	- -	- -	20,917
India Debentures			16th August 1878	2,500	- -	- -	2,500	—
			TOTAL DEBT in ENGLAND, not bearing Interest £.	23,417	- -	- -	2,500	20,917
			TOTAL DEBT in ENGLAND £.	58,801,617	3,715,000	- -	2,487,500	60,029,117

* For the repayment of East India Bonds and India Debentures.

Thos. W. Keith, Accountant General.

India Office,
18 April 1879.

Edward Stanhope,
Under Secretary of State.

EAST INDIA (LOANS RAISED IN ENGLAND).

RETURN of all Loans raised in *England* under the Provisions of any Acts of Parliament, chargeable on the Revenues of *India*, outstanding at the Commencement of the Half-year ending on the 31st March 1879, with the Rates of Interest and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the public convenience will allow, the Purpose or Service for which Moneys have been raised during the Half-year.

(*Presented pursuant to Act* 40 & 41 *Vict. c.* 51.)

Ordered, by The House of Commons, *to be Printed,*
22 *April* 1879.

EAST INDIA (LIABILITIES IN ENGLAND).

RETURN of all STOCKS, LOANS, DEBTS, and LIABILITIES in *England*, chargeable on the REVENUES of *India*, at the Close of the Half-Year ending on the 31st March 1879, with Rates and Amount of Interest, showing the Changes which have taken place in the Half-Year in respect to the Debts Incurred and Paid off or Discharged.

DESCRIPTION OF DEBT.	Rate of Interest.	Amount of Interest Payable during the Half-Year ended 31st March 1879.	Amount of Debt Incurred during the Half-Year ended 31st March 1879.	Amount of Debt Paid off or Discharged during the Half-Year ended 31st March 1879.	Amount of Debt Outstanding on 31st March 1879.
LOANS BEARING INTEREST.		£.	£.	£.	£.
East India Bonds	4 per Cent.	114,975	- -	500,000	5,496,700
Ditto	5 „	18,836	1,500,000	1,500,000	—
Ditto	3 „	- -	1,000,000	- -	1,000,000
India Debentures	4 „	160,514	- -	485,000	7,596,500
India 5 per Cent. Stock	5 „	430,000	- -	- -	17,200,000
India 4 per Cent. Stock	4 „	550,000	1,215,000	- -	28,715,000
	£.	1,274,325	3,715,000	2,485,000	60,008,200
LOANS NOT BEARING INTEREST AT THE DATE OF THIS RETURN.					
East India Bonds					20,917
TOTAL LOANS in ENGLAND	£.				60,029,117
OTHER DEBTS AND LIABILITIES.		£.			
East India Stock, Capital Stock of the East India Company, Redemption Money unclaimed.		8,189			
Ditto ditto Dividends unclaimed		22,196			
Imperial Government: on account of Non-effective Charges for Troops serving in India		890,000			
Estimated Amount owing for Stores purchased for India		95,000			
Guaranteed Railway Companies: Amount remaining in the Home Treasury to their credit, after deducting Sums drawn in India (partly estimated).		448,143			1,463,528
	£.				61,492,645

Thos. W. Keith, Accountant General.

India Office,
18 April 1879.

Edward Stanhope,
Under Secretary of State.

EAST INDIA (LIABILITIES IN ENGLAND).

RETURN of all Stocks, Loans, Debts, and Liabilities in *England*, chargeable on the Revenues of *India* at the Close of the Half-Year ending 31 March 1879, with Rates and Amount of Interest, showing the Changes which have taken place in the Half-Year in respect to the Debts Incurred and Paid Off or Discharged.

(*Presented pursuant to Act* 40 *&* 41 *Vict. c.* 51.)

Ordered, by The House of Commons, *to be Printed,*
22 *April* 1879.

ARMY (INDIAN HOME CHARGES).

APPROPRIATION ACCOUNT.

1877-78.

APPROPRIATION ACCOUNT of the Sum Granted to meet the Charges incurred for the EFFECTIVE and NON-EFFECTIVE SERVICES of HER MAJESTY'S REGULAR FORCES serving in *India*, for the Year ended the 31st of March 1878; together with the REPORT of the COMPTROLLER and AUDITOR GENERAL thereon.

(*Presented pursuant to Act* 29 & 30 *Vict. c.* 39, *s.* 22).

Ordered, by The House of Commons, *to be Printed,*
7 *April* 1879.

ARMY (INDIAN HOME CHARGES).

APPROPRIATION ACCOUNT of the Sum of £. 1,000,000, granted per Act 40 & 41 Vict. c. 61, s. 3, to meet the Charges incurred for the EFFECTIVE and NON-EFFECTIVE SERVICES of HER MAJESTY'S REGULAR FORCES serving in *India* for the Year ended the 31st March 1878.

Dr.	£.	*Cr.*	£.
To Amount granted for Army Service (Indian Home Charges) to meet the charge incurred in Recruiting and Training Officers and Men, and in defraying the Non-Effective Expenditure for the Regular Forces serving in India for the year 1877–78, per Act 40 & 41 Vict. c. 61, s. 3, and Schedule B., Part 6, attached thereto - - - -	1,000,000	By Amount appropriated in Aid of Army Grants to meet the charges incurred in Recruiting and Training Officers and Men, and in defraying the Non-Effective Expenditure for the Regular Forces serving in India, which come in course of payment during the year ended 31st March 1878 - - (*Vide* Explanatory Paper annexed; also, Army Account of Receipts and Expenditure for the year 1877–78, page 5.)	1,000,000
£.	1,000,000	£.	1,000,000

W. H. White,
Accountant General.

EXPLANATORY PAPER showing the Details of the Sum of £. 1,000,000 appropriated in Aid of ARMY GRANTS for the Year ended 31st March 1878, referred to in the preceding Account.

	£.	£.
A.—Amount appropriated in Aid of Vote 1, for the Effective Services of the Regular Forces serving in India - - - - - - - - - -		500,000
B.—Amount appropriated in Aid of the Votes for Non-Effective Services of the Regular Forces serving in India, viz.:		
VOTE 17.—Rewards - - - - - - - -	2,000	
„ 18.—Pay of General Officers - - - -	38,000	
„ 19.—Retired Pay and Half-Pay - - -	100,000	
„ 20.—Widows' Pensions - - - - - -	20,000	
„ 23.—Out-Pensions - - - - - -	340,000	
		500,000
	£.	1,000,000

I certify that this Account has been examined under my directions, and is correct.

Examined,
A. J. B. Goodryn.

Wm. Dunbar,
Comptroller General of Her Majesty's Exchequer,
and Auditor General of Public Accounts.

REPORT OF THE COMPTROLLER AND AUDITOR GENERAL.

WITH regard to the amount of 500,000*l.* transferred in aid of Vote 1 of the Army Estimates, I have pointed out in my Report on the settlement of the War Office claims, in respect of the Effective Charges of the Regular Forces serving in India, that up to the 31st March 1877, a portion of such expenditure was not provided for in Army Votes, but was advanced from War Office Balances, and made a direct charge against India. With a view, however, of removing the difficulties which had occurred in the settlement of accounts between the Indian and Imperial Governments, an arrangement was approved by Treasury Minute of 2nd July 1878, by which it was agreed that the sums which had been advanced by India should be accepted in full discharge of all claims of the War Office, up to the 31st March 1879. The whole of the expenditure, in respect of India Home Charges for the year 1877–78, has, therefore, been embodied in the Army Appropriation Accounts for the year, and the sum of 500,000*l.* taken as a Vote in Aid to meet such expenditure. It must be borne in mind, however, that the amount of expenses provided for under Vote 1 is merely an estimated amount, and no account has been made up by the War Office to show whether the actual expenditure exceeded or fell short of that estimate.

As the Treasury Minute of 2nd July 1878, in no way interferes with the existing mode of settlement in respect of Non-Effective Charges, the transfer of the sum of 500,000 *l.*, in aid of the several Non-Effective Votes, will not preclude a final settlement with India on the old basis, which was one of actual payments by the War Office. It may ultimately appear, therefore, that in respect of Non-Effective Services the War Office Votes have received as an Appropriation in Aid a sum in excess of the actual amount which they have had to bear in respect of such services; or, on the other hand, that the expenditure charged against the Votes has exceeded the amount brought in aid thereof.

I may add, that although the India Government has periodically advanced sums on account of the payments made by the War Office for Non-Effective Services, the last adjustment of account took place in July 1877, and was in respect of the period to 31st March 1875.

Wm. Dunbar,
Comptroller General of the Receipt and Issue of Her Majesty's Exchequer, and Auditor General of Public Accounts.

Exchequer and Audit Department,
10 March 1879.

ARMY (INDIAN HOME CHARGES).

APPROPRIATION ACCOUNT,

1877-78.

APPROPRIATION ACCOUNT of the Sum Granted to meet the Charges incurred for the EFFECTIVE and NON-EFFECTIVE SERVICES of HER MAJESTY'S REGULAR FORCES serving in *India*, for the Year ended 31 March 1878; together with the REPORT of the COMPTROLLER and AUDITOR GENERAL thereon.

(*Presented pursuant to Act* 29 & 30 *Vict. c.* 39, *s.* 22.)

Ordered, by The House of Commons, *to be Printed,*
7 *April* 1879.

137.

Under 1 *oz.*

WAR OFFICE (CHARGES DEFRAYED ON ACCOUNT OF INDIA).

1879.

APPROPRIATION ACCOUNT.

REPORT of the COMPTROLLER and AUDITOR GENERAL upon the APPROPRIATION ACCOUNT of the Sum Granted by Parliament in Repayment of the CHARGES defrayed by the WAR OFFICE on behalf of the INDIA OFFICE; together with the ACCOUNT for the Year ended 31st March 1877.

(*Presented pursuant to Act* 29 *&* 30 *Vict, c.* 39.)

Ordered, by The House of Commons, *to be Printed,*
25 *March* 1879.

CHARGES DEFRAYED BY THE WAR OFFICE ON ACCOUNT OF INDIA.

REPORT of the COMPTROLLER AND AUDITOR GENERAL.

Absence of Account.

Parl. Paper 91 of 1878.

(C.)

1. No Vote was taken for the Financial Year 1877–8 for this Service, and, consequently, there is no Account upon which it is my duty to report. A reference, however, to the Report for 1876–77 will show that the sum provided by Parliament, to make good to the War Office the amount advanced from the balances of that Department for Indian Services, fell short of the amount actually advanced by the sum of 15,050 *l.* 3 *s.* 3 *d.*: and it will be further seen that, in the fourth paragraph of that Report, I ventured to express the opinion that it would not be advisable to take a Vote for this deficiency before the amount actually due by India was finally settled, whatever way such settlement may be arrived at.

Proceedings taken to secure a settlement of Indian Military Charges.

2. Before this Report came under the consideration of the Public Accounts Committee, the Treasury laid before that Committee an important Minute, dated the 2nd July 1878, dealing with the outstanding claims on India, on account of expenditure incurred on her behalf, and proposing an adjustment of them; together with the basis of an arrangement by which a simpler and more expeditious settlement should be secured for the future Indian military charges.

The Parliamentary Session was, however, considerably advanced before the Minute in question was laid before the Public Accounts Committee, who came to the conclusion that it was desirable to defer their consideration of the Account of the Vote for Charges defrayed by the War Office on account of India for 1876–77, until the present Session, when they expected to receive the Report of this Department as to the manner in which the charges contained in the Account might be affected by the final adjustment of the Accounts in respect of Indian Home Charges, on the terms proposed by the Treasury, and accepted by the Secretaries of State for War and India.

Points to be dealt with.

3. While submitting, therefore, such observations as it may seem to fall within the province of this Department to offer, it is desirable for the sake of clearness to separate the questions to be dealt with, which would appear to be—

(1.) The deficit of 15,050 *l.* 3 *s.* 3 *d.* upon the total grant of 670,000 *l.* to replace the sum defrayed from War Office Balances.

(2.) The proposed settlement of the War Office claims on India, by accepting in full discharge thereof the sums which that Government has periodically paid "on "account," and which have been transferred to the Exchequer as Miscellaneous Revenue.

(3.) The question of the mode of settlement of accounts to be adopted for the future.

Deficit may now be voted.

4. (1.) As regards the first question, viz., the deficit shown upon the Account presented last year, I have to observe that this is in no way affected by the provisions of the Treasury Minute; as in any case the adjustment between the Imperial and Indian Governments cannot affect the question of repayment of the amount advanced from War Office Balances.

This sum must be equally refunded to the War Office, whatever form the settlement between the Indian and Imperial Governments may take, and therefore there would seem to be no longer any reason for deferring the Excess Vote.

It is desirable that I should take the opportunity of calling attention to two Accounts with the Secretary of State for India, which are still open in the War Office Books, entitled "Indian Contingent Account" and "Indian Miscellaneous Account," which showed on the 30th September 1878, a Debit Balance of 6,315 *l.* 0 *s.* 1 *d.* and 8,861 *l.* 0 *s.* 3 *d.* respectively.

With regard to these Balances, I caused a letter to be addressed to the Secretary of State for War on 3rd December last, requesting to be informed whether it was clearly understood as between the War Office and the India Office, that the settlement referred to in the Treasury Minute does *not* include the charges contained in these Accounts. The War Office reply to this letter, dated 16th January last, gave no direct answer to my question; but I was informed that the subject of the final disposal of these Balances had been submitted for the consideration of the Lords Commissioners of Her Majesty's Treasury.

My inquiry on this point seemed the more necessary, in consequence of the apparently very explicit terms of the reply of the Indian Council to the proposal submitted to them on behalf of the Treasury, viz., "that the advances made on account of the Effective "Services of Her Majesty's Regiments on the East India Establishments in each year from "1870–1 to 1877-8, and the estimated sum of 530,000 *l.* for the year 1878–9, will be "accepted in full discharge of all claims of the War Office on that account up to "31st March 1879." Should it be held that the Balances in question are included in the general

general settlement with India, it will appear that a fresh Vote will be requisite to repay the same to Army Funds from which they have been advanced, and the amount will *pro tanto* increase the approximate estimate arrived at by the Treasury of the sum to be remitted. On the other hand, should these Accounts as a whole be held to be excluded from the settlement, it is exceedingly probable that they may be found to contain some effective charges within the meaning of the Treasury Minute; the Assistant Financial Secretary to the India Office having stated in his evidence before the Committee of Public Accounts in 1877, that the Contingent Account contained many charges and credits properly belonging to the Effective Account. Should this prove to be the case, they will equally have to be met by a further Vote of Parliament. (A.) (B.)

The correspondence will be found in the Appendix.

Policy of proposed settlement of past Accounts.

5. (2.) The proposed settlement of past accounts between the Imperial and Indian Governments for effective military charges, on the basis of taking the sum paid in past years into the Imperial Exchequer in full discharge of the claim of the Imperial upon the Indian Government in respect of the effective charges paid in England on account of Her Majesty's troops serving in India, may be considered, with regard to its policy, to the amount of the remission involved, and to the authority which would seem to be required for its ultimate sanction:

As regards the policy involved in the arrangement, which is undoubtedly a favorable one for India, it in no way falls within my province to observe upon it; but I may perhaps be permitted to express my satisfaction, in the interests of financial regularity, at the prospect of the termination of a delay in the settlement of important accounts of public expenditure which, from its long duration, could hardly be considered to reflect credit upon the administration of Her Majesty's Service.

The actual amount of the proposed remission raises a question more directly connected with the functions of this Department; but I regret that there are no data upon which the amount can be arrived at with any approach to accuracy. The Treasury Minute adopts the figures given in the Statement appended to my Report, showing, up to the close of the year 1876–77, a Balance due from India of 412,246 *l.* 11 *s.* 8 *d.*, (D.)

	£.	s.	d.
The claims having been - - - - - - -	3,302,246	11	8
And the Repayments - - - - - - - -	2,890,000	–	–
	£. 412,246	11	8

It is necessary here to explain, that of the total expenditure of 3,302,246 *l.* 11 *s.* 8 *d.*, the sum of 2,617,196 *l.* 8 *s.* 5 *d.* has been finally charged against Army Votes, and has been subjected to the ordinary appropriation examination in force with regard to all such expenditure, but which had no reference to the liability of the Indian Government for its repayment.

The remaining sum of 685,050 *l.* 3 *s.* 3 *d.* has been subjected to an examination necessarily of an imperfect character, but which, so far as it went, showed the amount to be *primâ facie* properly chargeable to India, and *not* to have been provided for under the Army Votes. There would seem to be no advantage in pursuing this question further, as I am unable to corroborate, from the Accounts, the Estimate formed by the Chancellor of the Exchequer, from which, however, I by no means dissent, that the remission in favor of the Indian Government would amount to a sum of from 100,000 *l.* to 150,000 *l.*

I may further observe, that although the 412,246 *l.* 11 *s.* 8 *d.* was the Balance claimed by the War Office on accounts rendered to the India Office up to 31st of March 1877, the settlement between the Treasury and that Department embraced, as well, the two following years, viz., 1877–8 and 1878–9, but as the advances on account by India have been accepted in full discharge of all claims, the Balance in question is not affected by the transactions of the latter years, in respect of which no accounts have been rendered.

There remains to be considered the authority required for the remission of so large a Claim due to the Imperial Exchequer, and for what sum the covering authority should be obtained. Although the Treasury Minute is silent upon this point, it is to be presumed, from the arrangement having been referred to the Public Accounts Committee before being acted upon, that, following to a certain extent the analogy of loans or advances remitted, Parliamentary sanction will be sought for the proposal, by Vote or Resolution. Such Vote or Resolution should, in my opinion, include the gross sum to be abandoned, which, taking the before-mentioned statement as the basis, and deducting from the balance of 412,246 *l.* 11 *s.* 8 *d.* the claim on account the Royal Engineers, viz., 21,635 *l.*, would amount, as stated in the Treasury Minute, to the sum of 390,611 *l.*, exclusive of any charges which may prove to be included in the Contingent Account.

Mode of Settlement for the future.

6. (3.) As regards the Capitation Rate, for the future it would seem desirable that, whatever rate may be fixed, it should be accompanied by an arrangement for frequent periodical settlements of account, monthly if possible, so that the expenditure and its repayment should be adjusted in the same financial year.

Wm. Dunbar,
Comptroller General of the Receipt and Issue of Her Majesty's Exchequer, and Auditor General of Public Accounts.

Exchequer and Audit Department,
10 March 1879.

CORRESPONDENCE referred to in the foregoing REPORT.

(A.)

Sir, Exchequer and Audit Department, 3 December 1878.

WITH a view to the preparation of the Report upon the Account of Charges defrayed on account of India, the Comptroller and Auditor General has under consideration the Treasury Minute of 2nd July 1878, approving of certain arrangements having for their object the final adjustment of the outstanding claims of the War Office upon the Indian Government in respect of effective charges paid in England of Her Majesty's troops serving in India.

By the Minute in question, it would appear that it has been agreed between the India Office, the Treasury, and the War Office, that the sums paid, or agreed to be paid, on account of the effective services of Her Majesty's regiments on the East India Establishment from 1870-1 to 1878-9, both years inclusive, shall be accepted in full discharge of all claims of the Secretary of State for War on that account. With a view, however, to prevent any difficulty in the future, the Comptroller and Auditor General would be glad if you would move Secretary Colonel Stanley to cause him to be informed whether it is clearly understood as between the War Office and the India Office, that the settlement referred to does not include the Balance standing to the Debit of the Indian Contingent Account in the War Office Books, which account
Question 807. it was stated by Mr. Minifie in his evidence before the Public Accounts Committee in 1877, contained many charges and credits properly belonging to the Effective Account.

The Comptroller and Auditor General would also desire to be furnished with similar information with respect to the Balance standing against India on the "Miscellaneous" Account.

I have, &c.
(signed) *H Treherne.*

The Under Secretary of State for War.

(B.)

Financial Secretary's Department, War Office,
16 January 1879.

Sir,

I AM directed by Secretary Colonel Stanley to acknowledge the receipt of Mr. Treherne's letter, dated 3rd December last, No. 1634, having reference to the Balances due from the India Office on the Quarterly Contingent and Miscellaneous Accounts, and to acquaint you, in reply, that the question as to the final disposal of these Balances has been submitted for the consideration of the Lords Commissioners of Her Majesty's Treasury.

I am, &c.
(signed) *W. H. White.*

The Comptroller and Auditor General,
Audit Office, Somerset House.

STATEMENTS referred to in the foregoing REPORT.

(C.)

CHARGES DEFRAYED BY WAR OFFICE ON ACCOUNT OF INDIA.

APPROPRIATION ACCOUNT.

ACCOUNT of the Sum Expended, compared with the Sum Granted, for CHARGES defrayed by the WAR OFFICE on account of INDIA, showing a Deficit upon the Vote.

SERVICE.	Grant.	Expenditure.	Expenditure compared with Grant.	
			Less than Granted.	More than Granted.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Charges defrayed by War Office on account of India - - - - - - - -	170,000 - -	185,050 3 3	- - -	15,050 3 3
		Deficit - - - £.		15,050 3 3

Treasury,
19 January 1878.

R. E. Welby,
Accounting Officer.

(D.)

STATEMENT showing HOME CHARGES of HER MAJESTY'S TROOPS serving in INDIA on account of EFFECTIVE SERVICES for the Years 1870-71 to 1876-77; also the AMOUNT Advanced by INDIA to meet the same.

EFFECTIVE SERVICES.

—	Pay of Officers, Non-Commissioned Officers and Men, and Contingent Disbursements.	Charge for Drafts Embarked.	Difference of Number of Men on Passage with Regiments.	Charge for Barrack Accommodation at the Royal Victoria Hospital, Netley, and Discharge Depôt, Chichester.	Charge for Excess Cost of Bread and Meat at the Discharge Depôt, Chichester.	Proportion of Staff Expenses at the Discharge Depôt, Chichester.	Proportion of Staff Expenses at the Royal Victoria Hospital, Netley.	Excess Cost of Hospital Supplies at Netley Hospital beyond the Stoppage.	Charge for Brigade Depôts.	Charge for Royal Artillery Depôt.	Charge for Cavalry Depôt at Canterbury. Estimated Amount.	Educational Services, 1870-71 to 1876-77.	Non-Commissioned Officers, Engineers, embarked for India, 1870-71 to 1876-77.	Total Charges for Effective Services.	Advanced by India to meet War Office Charges for Effective Services in respect of the Years 1870-71 to 1876-77.	
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d	£. s. d.	£. s. d.	£. s. d.	£. s. d.		£. s. d.
1870-71 -	109,246 2 1	334,733 4 3	26,222 2 -	3,948 15 -	88 9 6	1,422 1	7,881 13 6	8,147 5 1	- -	- -	- -	- -	- -	486,684 12 6	1870-71 -	505,000 - -
1871-72 -	99,803 12 7	293,290 7 1	36,154 4 6	2,463 11 8	211 6 9	1,936 5 4	6,994 - 1	3,658 19 6	- -	- -	- -	- -	- -	444,512 7 6	1871-72 -	435,000 - -
1872-73 -	92,248 18 3	235,886 11 1	47,013 5 2	1,506 3 4	8 18 1	906 18 9	7,961 12 3	3,079 10 4	- -	- -	- -	- -	- -	388,611 17 8	1872-73 -	450,000 - -
1873-74 -	87,791 19 5	150,629 1 11	56,892 2 7	1,496 3 4	- -	- -	9,423 15 1	6,286 15 6	91,250 - -	- -	- -	- -	- -	403,769 17 10	1873-74 -	400,000 - -
1874-75 -	97,958 8 4	99,331 9 3	73,265 5 4	1,521 6 -	- -	- -	8,735 8 7	6,101 12 8	91,250 - -	- -	52,207 8 -	- -	- -	430,370 18 2	1874-75 -	380,000 - -
1875-76 -	95,458 8 2	73,770 15 2	72,282 16 1	2,150 9 8	- -	- -	10,017 19 8	5,394 9 6	91,250 - -	64,000 - -	54,200 12 -	- -	- -	468,585 10 3	1875-76 -	320,000 - -
1876-77 -	102,542 14 5	100,669 4 4	77,624 14 10	2,745 3 8	- -	- -	12,672 3 3	5,108 - 11	91,250 - -	64,000 - -	61,464 6 4	140,000 - -	21,635 - -	679,711 7 9	1876-77 -	400,000 - -
£.	685,050 3 3	1,288,310 13 1	389,454 10 6	15,831 12 8	308 14 4	4,265 5 2	63,746 12 10	32,776 13 6	365,000 - -	128,000 - -	167,872 6 4	140,000 - -	21,635 - -	3,302,246 11 8	£.	2,890,000 - -

	£. s. d.
TOTAL Charge for Effective Services, 1870-71 to 1876-77 -	3,302,246 11 8
TOTAL Amount Advanced by India in respect of Effective Services, 1870-71 to 1876-77 - - - - - - - - - - - -	2,890,000 - -
BALANCE, being Amount claimed by the War Office in Excess of the Sum advanced by India - £.	412,246 11 8

WAR OFFICE (CHARGES DEFRAYED ON ACCOUNT OF INDIA).

1879.

APPROPRIATION ACCOUNT.

REPORT of the COMPTROLLER and AUDITOR GENERAL upon the APPROPRIATION ACCOUNT of the Sum Granted by Parliament in Repayment of the CHARGES defrayed by the WAR OFFICE on behalf of the INDIA OFFICE; together with the ACCOUNT for the Year ended 31 March 1877.

(Presented pursuant to Act 29 & 30 Vict. c. 39.)

Ordered, by The House of Commons, *to be Printed,*
25 *March* 1879.

Under 1 *oz.*

EAST INDIA (MR. W. TAYLER'S PETITION).

RETURN to an Address of the Honourable The House of Commons, dated 19 June 1879;—*for*,

"COPY of a MEMORANDUM drawn up by Sir *Frederick J. Halliday*, K.C.B., a Member of the Council of the Secretary of State for India, upon the PETITION presented to this House by Mr. *W. Tayler*."

India Office,
20 June 1879.

EDWARD STANHOPE,
Under Secretary of State.

(*Mr. Edward Stanhope.*)

Ordered, by The House of Commons, *to be Printed*, 24 *June* 1879.

238.

BOMBAY BRANCH
OF THE
Royal Asiatic Society.
CLASS

COPY of a MEMORANDUM drawn up by Sir *Frederick J. Halliday*, K.C.B., a Member of the Council of the Secretary of State for India, upon the PETITION presented to this House by Mr. *W. Tayler*.

THE CASE OF MR. W. TAYLER.

MR. TAYLER, formerly Commissioner of Patna, has presented a petition to the House of Commons, praying for redress of wrongs which he alleges he suffered at my hands in 1857, regarding transactions as to which his views have, he affirms, been proved to have been right, and my views entirely and perilously wrong.

Sir John Eardley Wilmot has given notice that on the 16th instant he will call the attention of the House to this Petition, and it therefore seems proper that, as the case of Mr. Tayler has two sides, and, as yet, only one side has been presented to the public by Mr. Tayler, and by those who have adopted his statements, some account should be given of the other side of his case, which I proceed to do in the present Paper.

Mr. Tayler was appointed by me Commissioner of Patna in 1855. He was removed by me in August 1857 for the reasons assigned in the following extract from a Minute of that date :—

" The proceedings of Mr. W. Tayler, the Commissioner of Patna, have long " been a source of much embarrassment and anxiety to me.

" This was the case even while the duties devolving on him were the ordinary " duties of a Commissioner of Revenue and Circuit in quiet times.

" In more than one instance complaints had been made by the Board of " Revenue of the unsatisfactory mode in which Mr. Tayler conducted the duties " of his office, and their dissatisfaction had at length become so great as to " induce them to represent to Government their inability to carry on work with " him, unless his conduct towards themselves were seriously noticed.

" In matters not falling within the Board's jurisdiction, I had myself serious " cause for distrusting the judgment and discretion of Mr. Tayler. In con- " nection more especially with a scheme which he had set on foot for establishing " an Industrial Institution in Behar, his conduct had been such as to give rise " to much remark throughout the districts of his Division, and to make it " necessary for me to institute an inquiry. Mr. Tayler's extremely injudicious " behaviour, and the unbecoming tone of his correspondence while this inquiry " has been going on, made it very difficult for me to avoid anticipating the result, " which I have for some time foreseen would be his removal from the appoint- " ment of Commissioner of Patna. I was very anxious, however, that Mr. Tayler " should have every opportunity of explaining what had been alleged to his " disparagement, and thus it happened that he was still Commissioner when the " disturbances in the Upper Provinces commenced.

" On the breaking out of these disturbances, my uneasiness and fears in " regard to Mr. Tayler's fitness for the important post he occupied were greatly " increased by the line of conduct he thought proper to pursue towards me, " which I soon found to be that of concealing from me, as much as possible, " alike his acts and his intentions; and he has since avowed that this was done " wilfully and purposely, in order to carry out views of his own which he thought " I should not approve of. But for the consideration that, at a critical period, " when plots and conspiracies were represented to be rife at Patna, and an " outbreak likely enough at any moment to occur, it was desirable, if possible, " to avoid making a change in the office of the head executive authority of the " Division, I should have been anxious to remove him at an earlier date. In " many respects, also, Mr. Tayler possesses qualities which it appeared to me,

" if well directed, might be turned to good account in this emergency. He is " undoubtedly intelligent, active, and energetic, and has great local knowledge. " I determined, therefore, to endeavour to bring about such a change in his " manner of conducting his duties as would enable me to make good use of " his services. I was in hopes that, by insisting on constant and frequent com- " munications, and with the aid of the electric telegraph, I should be able to " direct and control all that was done by the Commissioner. But in this " expectation I have been disappointed. Mr. Tayler has lately been more com- " municative than he was at first, but frequent interruptions to the " communication by telegraph have prevented my exercising that constant " watch over his actions which I had proposed, and, moreover, I have discovered " that Mr. Tayler has not hesitated to disobey my orders (and that, too, in a " matter of life or death) when obedience has not happened to suit his purpose, " or his own opinion of what was to be done.

" I look upon Mr. Tayler's conduct, in the case here alluded to, in a very " serious light. He had already, in the cases of 15 or 16 persons capitally con- " victed, largely mixed himself up with the operations of the police magistrate " and public prosecutor, against persons whom he was afterwards to try, and " did actually try, as a judge in the last resort. To prevent this indecorum, " which might, perhaps, almost be called injustice, and which was occasioning " public scandal and discontent, I gave him positive orders not to sit as judge " in the case of anyone against whom he had been concerned in the previous " examinations and inquiries, but to commit such persons for trial to the more " impartial tribunal of the Sessions Judge. In the face of these orders, Mr. " Tayler did not hesitate to try and condemn to death a trooper of Captain " Rattray's Police Corps, in whose case he had been previously concerned in " directing the operations of the police, and upon whose trial he could not " possibly be considered impartial.

" On the trial of the banker, Looft Ali Khan, acquitted by the Sessions " Judge, who had pronounced the evidence altogether insufficient to furnish " ground for having brought the man to trial, Mr. Tayler has evinced a most " indecent anxiety for a conviction, and has not scrupled to assail the judge " with private letters, urging him to condemn the prisoner, in a manner con- " trary to all usage and propriety and even humanity.

" There can be no doubt that Mr. Tayler's hasty and indecorous proceedings " in these and other instances have tended to irritate men's minds, and to pro- " duce a feeling of insecurity among the respectable portion of the inhabi- " tants.

" It was a most embarrassing circumstance, during the existing disturbances, " that I could not trust Mr. Tayler to call on the zemindars with the authority " he ought to have possessed, to assist in keeping the peace in their districts. " For it was notorious that he had so aggrieved them by his collections for the " industrial school as to excite no little discontent, and disincline them to listen " to his applications.

" But the last indiscretion committed by Mr. Tayler is one which renders it, " in my opinion, absolutely dangerous to allow Mr. Tayler to remain any longer " in the important position which he now occupies. It appears from a letter just " received from Mr. Tayler that, while apparently under the influence of a panic, " he has ordered the officials at all stations in his Division to abandon their posts " and to fall back on Dinapore. Had it not been for the spirited and judicious " conduct of Mr. A. Money, the Collector and magistrate of Behar, who, in spite " of this order, and with only the sub-deputy opium agent, Mr. Hollings, to " bear him company, determined on remaining at Gya, even after all the other " residents and the troops had left the place, this act of Mr. Tayler's would have " entailed, at that station alone, the certain loss of eight lacs of rupees in the " Treasury, besides other public and private property, the release of many " hundred determined convicts from the jail, and a risk of the whole town and " district being thrown into anarchy and confusion.

" What has happened elsewhere is unknown, but there is the strongest proba- " bility everywhere of disaster.

" Under these circumstances, I have determined at once to remvoe Mr. Tayler " from his appointment of Commissioner of Patna.

" The emergency is a serious one. The whole division cannot but be in a " state of disorganisation, and it will require the best exertions of the best man

" available

" available to restore order and confidence among the people; and, at a time " when a new general officer (Sir J. Outram), unacquainted with that part of the " country is about to take command of the Division, it is especially necessary to " have the chief civil authority in hands that can be fully trusted. At such a " crisis, it will be politic to render the Commissioner independent of the Board, " and place him in direct communication with Government on all subjects.

" I believe there is no man in the service to whom this onerous and difficult " task could be intrusted, with a better chance of its being successfully carried " out, than to Mr. Samuells, who is at present nominally Commissioner of Cut- " tack, but actually an officiating judge of the Sudder Court. I have accordingly " selected Mr. Samuells for this duty, and directed him to proceed to join the " appointment of Commissioner of Patna with as little delay as possible. His " appointment will be understood to be temporary, and made on account of the " peculiar condition of the country, and it will cease whenever its further con- " tinuance may appear to the Government unnecessary for the objects now in " view."

Mr. Taylor had, before the Minute was written, not only omitted, as a rule, to inform me of his proceedings, but he had officially intimated to me that he wilfully and purposely kept me uninformed of his intentions and acts, because he thought I might disapprove of them.*

During this time, while intentionally deprived of official information, I had received intimation through a private hand, but from indubitable authority, that the Mahommedans of Patna were then very well disposed, but that if Mr. Tayler was not checked in his unnecessary and unjustifiable violence towards them, he would infallibly breed an insurrection.

One of these unjustifiable acts was at a later date reported by Mr. Tayler himself. He had apprehended one Waris Ali Jemmadar on suspicion of treason, and on the 31st July 1857 he thus reported to the Lieutenant Governor what had been done with him :—

" Para. 22. Waris Ali, whose arrest has been previously mentioned, was " tried under the Commission on Monday, the 6th July, and capitally sen- " tenced.

" 23. He was executed the same day; and his last words were to ask whether " no Mussulmen would assist him.

* * * * * * *

" 25. I postponed his trial for two or three days after his arrival, and had " several private interviews with him, in the hope of eliciting information. But " he was evidently, I think, not in Ali Kureem's secrets, as he was in such " excessive alarm and despair, that I am convinced he would have done anything " to save his life.

" 26. When speaking in private with me, he implored me to tell him whether " there was any way in which his life could be spared.

" 27. I said 'Yes,' and his eyes opened with unmistakeable delight; and " when he asked again what the way was, his countenance was a picture of " anxiety, hope, and terror.

" 28. I told him 'I will make a bargain with you; give me three lives, and I will give you yours.'

" 29. He then told me all the names that I already knew, but could disclose " nothing further, at least with any proof in support.

" 30. He was evidently not sufficiently clever to be Ali Kureem's con- " fidant." †

Mr. Samuells, the able and experienced Judge of the Sudder (now the High) Court, who succeeded Mr. Tayler at Patna, went at length into this case, and reported his opinion regarding it " that Waris Ali was guilty of no offence " known to the law."‡

Before my determination regarding Mr. Tayler was carried into effect, the reasons for it were submitted for the consideration of Lord Canning, who replied that " he entirely concurred in the view taken by the Lieutenant " Governor of Bengal of Mr. Tayler's conduct, in ordering the civil officers of " the

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* *See* Appendix A. Mr. Tayler's letter to Government of Bengal, 17th July 1857, and reply from that Government 22nd idem.

† Mr. Tayler to Governor of Bengal, 31st July 1857.

‡ Mr. Samuells to the Governor of Bengal, 4th December 1858.

"the several districts of the Division to abandon their posts and fall back on "Dinapore, and in the propriety of his removal."

On receiving intimation of the decision of Lord Canning's Government in his case, Mr. Tayler solicited his Lordship to reconsider it as being unjust in itself, and founded on an inaccurate report of his proceedings. Accordingly, the whole question was reconsidered by the Governor General in Council, and the result communicated to Mr. Tayler on the 23rd December 1857, to the effect that, "after giving to Mr. Tayler the full benefit of his explanation in regard to "abandoning the stations, the Governor General in Council is of opinion that "the Lieutenant Governor was thoroughly justified in removing Mr. Tayler "summarily from the office of Commissioner of the Patna Division, on the "ground that, at so critical a period, the Division could not be left in his "charge."

Dissatisfied with this decision against him, Mr. Tayler appealed to the Government in England, stating his case in a very voluminous memorial. The Court of Directors gave their decision on this appeal on the 11th August 1858.

After giving Mr. Tayler due credit for much of his conduct under the circumstances, and accepting his assurance that he had not been actuated by panic, the Court's Despatch proceeded,—

"At the same time, we agree with you in the opinion that Mr. Tayler's in-"structions involved a very grave error of judgment, and were proved by sub-"sequent occurrences at some of the stations, especially Gya and Mozufferpore, "to have been uncalled for by any pressing emergency at the date of their "issue, and not inaptly described by the Lieutenant Governor as a 'flight "'nothing short of scandalous and disgraceful to the British name.'"

"Although," the Despatch went on to say, "Mr. Tayler was guilty of "nothing more than an error of judgment, we concur with you that 'the "'Lieutenant Governor was thoroughly justified in removing Mr. Tayler sum-"'marily from the office of Commissioner of the Patna Division, on the ground "'that, at so critical a period, the Division could not safely be left in his "'charge."

In another part of the same Despatch the Court remarked, "Mr. Tayler has "entered into an elaborate defence of his conduct in withholding from the "Lieutenant Governor information of the measures which he proposed to adopt "for the repression of disturbances in the city of Patna. He states that the "Lieutenant Governor was ignorant of the real state of things at Patna, and he "(Mr. Tayler) 'felt his Honor, in this state of error, would in all probability "'decline, *à priori*, to sanction them.' On this point, we have only to observe "that the reason alleged by Mr. Tayler for withholding information at a very "serious crisis from the Government to which he was subordinate is wholly "inadmissible.

"In regard to the private letters on the subject of the trial of the banker, "Lootf Ali Khan, Mr. Tayler now shows that the Session Judge wrote to him "as well as he to the Session Judge, and adds, 'all the blame that can possibly "'attach to your memorialist in the matter of this serious charge is, that he "'replied to the remarks of the Judge.' This is not all the blame that attaches "to Mr. Tayler in regard to this matter. It is not merely the fact, but also "the nature of the correspondence, which is deserving of censure, and all that "Mr. Tayler has now shown is that the part taken by the Session Judge "in this correspondence is equally discreditable with that taken by him-"self."

Still dissatisfied with this third judgment against him, Mr. Tayler solicited its reconsideration by the Home Government, which in the meantime had become the Government of the Crown. The Secretary of State did reconsider the matter in compliance with this request, and for the fourth time decided it against him. Lord Stanley remarked that Mr. Tayler, in urging his case on Her Majesty's Government, had charged the Lieutenant Governor with misrepresentation in a manner "altogether unwarranted," adding, in regard to the other matters discussed by Mr. Tayler in his memorial now under consideration, "Her Majesty's Government concurs in the views expressed by the Court of "Directors in their Despatch of 11th August 1858.*"

Mr.

* *See* Appendix B., Lord Stanley's Despatch.

Mr. Tayler's conduct in the case of the Patna Industrial Institution has been dwelt upon at great length in his printed statements as strongly illustrative of his merits.

The facts of this case, told very concisely, are the following:—

Mr. Tayler proposed to establish an Industrial-Education Institution by means of private subscriptions, to which, at first, unaware of Mr. Tayler's real intentions, I gave countenance and encouragement.

It was subsequently alleged that some of the Native gentlemen who had subscribed had acted unwillingly, in deference to Mr. Tayler's official position; and when this was represented to Mr. Tayler he very strongly and indignantly denied it as a false and malicious calumny and slander, put forth by his personal enemies by reason of envy. He also offered to make written inquiries, and to satisfy the Lieutenant Governor by documentary evidence of the falsehood of the statement in question. It was eventually proved that the statement was true, and that Mr. Tayler, to support his contradiction of it, had sent in such evidence as told in favour of his own assertions, and had suppressed and withheld evidence that went the other way.

The whole of Mr. Tayler's proceedings in respect to the Patna Industrial Institution came under the review of the Governor General in Council; and, at a later date, under that of the Secretary of State in Council, and they were by both condemned.*

In communicating to the Government of India, on the 28th July 1859, his opinion on this part of Mr. Tayler's case, Lord Stanley found fault with the Lieutenant Governor for having at any time given countenance to Mr. Tayler's scheme, admitting, however, that, as soon as his doubts were excited, the Lieutenant Governor's action was prompt and his inquiries searching and full. "The fact was then," Lord Stanley goes on to say, "established, that the sub-"scriptions were offered in deference to Mr. Tayler's official position and "authority, and under an apprehension, on the part of the Native gentlemen "appealed to, of incurring the Commissioner's displeasure if their assistance was "withheld."

"Some excuse," the same Despatch proceeds, "may possibly be found for "Mr. Tayler's mode of obtaining subscriptions to the Industrial Institution, on "the supposition that in promoting an object of engrossing interest to himself, "he failed to perceive the doubtful character of some of his proceedings in "endeavouring to accomplish his object. But if, in withholding documents of "direct bearing on the matter under inquiry for the reasons given in the above "(Mr. Tayler's) reply, Mr. Tayler can be relieved of the charge of highly dis-"ingenuous conduct, and of practising a deception upon the Lieutenant "Governor, it can only be by attributing to him a total ignorance of his posi-"tion and duties in relation to the Government to which he was subordinate, "and to which he was bound to afford all the information in his power in "regard to proceedings which he was carrying on in his official capacity and "supporting by means of his official authority."

Besides the foregoing, another reason assigned for my want of confidence in Mr. Tayler was, that on the trial of a man accused by him of treason, but acquitted, "Mr. Tayler had evinced a most indecent anxiety for a conviction, "and has not scrupled to assail the Judge with private letters, urging him to "condemn the prisoner, in a manner contrary to all usage and propriety, and "even humanity." Mr. Tayler, in his memorial to the Home Government, attempted to excuse this by showing that if he wrote private letters to the Judge on the subject, the Judge did so also to him. But the Home Government decided that Mr. Tayler had in no way cleared himself from the imputation in question, and had only succeeded in showing that the Judge's conduct was "as discreditable as his own."

Perhaps a word may be permitted as to what Mr. Tayler calls the cabal of his slanderous personal enemies, to whose malignant and envious calumnies he states himself to owe all his misfortunes. In sober earnestness, this cabal never existed out of Mr. Tayler's imagination; and the notion of it was due only to Mr. Tayler's habit of stigmatising with opprobrious names all who differed from him as to his measures or his statements. Upon this part of the subject

* Appendix C.

subject the Secretary of State, on the 1st June 1859, remarked to the Government of India as follows :—" Since the time that exception was first taken to " Mr. Tayler's proceedings at Patna, he has carried on a correspondence of " unnecessary length and of a very reprehensible character, to the great waste " of public time, the detriment of the public service, and by no means to the " credit of his own official character. It is to be regretted that you did not " check Mr. Tayler when he entered upon this objectionable course, and that " you did not at once visit with your marked disapproval the imputation by " Mr. Tayler of unworthy motives to all who, in the discharge of a public duty, " felt themselves called upon to express an opinion in any way adverse to " Mr. Tayler's proceedings."

Mr. Tayler has, in his several printed statements, taken great pains to have it understood that he found it necessary to withhold information from me because of my "infatuation and blindness" regarding the state of things at Patna; and this, he says, is proved because, in a private letter addressed to him on the 13th of June 1857, I had said, in answer to a letter from him dated 8th June, but only received on the 13th, "I cannot satisfy myself that Patna " is in any danger;" and again, " It is inconceivable that the sepoys at Dinapore " should mutiny in the face of the European force there, and, until the sepoys " mutiny, there can be little fear of a popular commotion in Patna."

These and other things of a like kind, and with like strength of invective, had been urged against me in a pamphlet by Mr. Tayler in Calcutta. And in a Minute then written by me, for the information of Lord Canning's Government and the Home authorities, I showed conclusively that these opinions, considered by Mr. Tayler to be so foolish and ignorant, were opinions exactly similar to those then expressed to me by himself, and formed upon his own representation of the facts, which was all I had to guide me. The same Minute disposed unanswerably of several other allegations of Mr. Tayler's (all since repeated in his various papers), by which he had sought to prove that his valuable recommendations had been " slighted or ignored by me in opposition " to reason, fact, and evidence, to the imminent danger of the whole Province."

The whole Minute, which should be read before any judgment is formed on Mr. Tayler's claim, will be found in the Appendix to this Paper.* It shows that Mr. Tayler's statements are in many instances entirely without foundation.

The point on which most stress has, latterly, been laid by Mr. Tayler (in his earlier statements he scarcely alluded to it) is his apprehension of four persons in Patna of the Mahommedan sect called Wahabees.

His account of this transaction is that " it having been providentially given " him to perceive, though dimly at the time, the danger of disaffection at " Patna," and having " obtained possession of several letters brought to him by " a servant of some of the head men of the Wahabees, which, if genuine, indi- " cate the existence of treasonable correspondence," he, on the 20th June 1857, arrested four principal persons of that sect, who " lived in apparent respect- " ability and harmlessness in the city of Patna," † and committed them to the custody of the Seikh soldiers. That " the arrest of these Wahabees was viewed " with marked disapprobation, and in pursuance of this disapprobation, and as " if of purpose to cast discredit on me (Mr. Tayler) before the community, the " Chief Moulvee Ahmedoollah, who was released immediately on my removal " from the Commissionership, was received into special favour by my successor, " and was from that time cherished by the Government and the local authorities " with special distinctions." He further designated the said Ahmedoollah as " the particular pet and *protégé* of the Government." And again, " it was this " act which was viewed with the disapprobation of the Lieutenant Governor, who " not only embarrassed me by a vexatious call for proofs, at a time when no " proofs were possible, and honoured them with the exceptional name of gentle- " men, but also subsequently attributed the rising in the city to the fact of " their apprehension."‡

On another occasion, Mr. Tayler stated that " one of the acts which at the " time

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* *See* Appendix D.
† Mr. Tayler's printed Narrative, dated 1867, pages 101—106.
‡ Pamphlet printed by Mr. Tayler in 1867.

" time excited the most serious disapprobation of the Lieutenant Governor was " the arrest of Moulvee Ahmedoollah, and other leading members of the " Wahabee sect, at the outset of the rebellion," of whom he declared I was " the " avowed champion, apologist, and advocate."

Again, in an application to Sir Stafford Northcote, dated apparently about April 1868, Mr. Tayler describes the application of the Lieutenant Governor to to be informed of the reasons for arresting the Wahabees as an " imputation " that I did not report my intention of arresting the Wahabees *before I carried " that intention into execution.*"* This he repeats in an appendix to that application, and goes into some length to show that, as he had power to act, it was unjust of the Lieutenant Governor to " rebuke me for arresting the Wahabee " Moulvees without asking permission."

In another part of the same application to Sir Stafford Northcote, Mr. Tayler enumerated, among the Lieutenant Governor's misdeeds, " his profession of " ignorance as to the Wahabee character." And, in his pamphlet of 1867, he affirmed that, " the arrest of the Wahabees was, with other acts of his, arrayed " against him as crimes and misdemeanours."

Seven years afterwards one of these men was tried and sentenced to penal servitude for a treasonable conspiracy, in no way connected with the events of 1857, and belonging to occurrences which took place many hundred miles from Patna. And this fact Mr. Tayler forthwith declared exposed " the distressing ignorance and infatuation " of the Lieutenant Governor,† and vindicated the measures taken in blind opposition to Mr. Tayler's views.

This is Mr. Tayler's account of the matter. The facts are as follows:—

Mr. Tayler arrested four Wahabee gentlemen on the 20th June 1857. He did not report this at the time, and the Lieutenant Governor first heard of it through a letter quoted below, from the magistrate of Patna.‡ The Lieutenant Governor never expressed or suggested any disapprobation of the arrest of the men in question, nor did he countermand their arrest, or impute it to Mr. Tayler as a " crime," or in any way interfere in the matter. He merely objected, and that more than once to being kept in ignorance, first of the arrest itself, and afterwards, and for some time, of the reasons for it. As Mr. Tayler, when he did report what he had done, said he had done it *because of his having " obtained possession of important letters bearing on the guilt " of the men in question,*" from a man whom he afterwards described as " evi- " dentaly not one on whom to place reliance," the Lieutenant Governor asked to see those letters (this is called by Mr. Tayler " embarrassing him with vexatious " calls for proofs)," but he could never obtain a sight of them. Mr. Tayler afterwards, when pressed to send the letters, said, " one of them appears to be " genuine, the others may very probably be fabricated."§ But he never sent the letters for inspection, and they have never been forthcoming since. Mr. Tayler's first statement showed that he intended to charge these men with treason. It was not till asked for further information that he said he had no evidence against them, and only arrested them as hostages. So far from these prisoners having been released by the Lieutenant Governor " in pursuance " of his disapprobation," " immediately on my removal from the Commissioner- " ship," they were released, one by Mr. Tayler himself, while he was still in office, and the other three upon his written recommendation soon after he was removed

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* The *italics* are Mr. Tayler's.

† Pamphlet of 1867, pages 123 and 260.

‡ " To the Junior Secretary, Government of Bengal, Fort William.

" Sir, Patna, 20 June 1857.

" I have again to report that all appears quiet. There have been reports for the last few days of secret collections of arms, and the Commissioner, for reasons which he has, most likely, made known to Government, ordered the houses of the principal Wahabees to be searched, but nothing has been found. Four of the Wahabees are in the custody of Captain Rattray. As the seizure only took place to-day, there has not been sufficient time to see the effect on the mass of the people.

" My own personal observations, even in the worst parts of the city, lead me to think, from the respect with which I am received, and the general quiet prevailing, that there is nothing to fear from Patna at present. The Bengali portion of the population, and also several of the Europeans, alarmed at the accounts from Goruckpore, are sending away their families. There is, however, no general panic, and business proceeds as usual. The jail is quiet, as also the district.

" I have, &c.

" (signed) *J. M. Lowis*, Magistrate."

§ Mr. Tayler to Government of Bengal, 11th July 1857.

removed from office.* Further the Lieutenant Governor did not "endorse an "opinion of the inoffensiveness" of any one of the Wahabees, and gave no opinion of his own as to the Wahabees or the Wahabee character, or on any part of the subject. Lastly, he did not in any manner "cherish," "pet," "protect," "distinguish," "champion," "apologise for," or become the "advocate for" any of the Wahabee prisoners before or after their imprisonment, as affirmed by Mr. Tayler, and never had an opportunity of seeing or personally knowing, or having any sort of communication with them or with any of their connections, at any period of his administration.

It must not be omitted, as bearing strongly on the assertion of Mr. Tayler that the arrest of these Wahabees saved Patna from an outbreak, that while they were under arrest as "hostages to prevent insurrection," a serious outbreak took place in Patna, attended with loss of life. This outbreak, the only breach of the peace which occurred there, was, by Mr. Tayler, attributed to the Wahabees. After they were released, as before their arrest,† Patna remained perfectly quiet.

The recorded correspondence on the whole subject may be referred to in proof of the accuracy of these statements.‡

It is hardly necessary to notice the indignation expressed in Mr. Tayler's various writings because of the term "*gentlemen*" applied to these Wahabees in the Lieutenant Governor's official correspondence. Mr. Tayler does not say they were not gentlemen, indeed, he describes them as persons of respectability, and he calls them *moulvees*, which is a somewhat higher title than gentleman. But he apparently thinks the term ought not to have been applied to "these "fanatic and most ungentlemanly moulvees,"§ who were "implacable and "inveterate traitors."‖

But Mr. Tayler has himself said, that he never had any evidence on which to charge them with treason, and that he did not charge them with treason, but only arrested them as "hostages" to prevent mischief. In writing of the arch-rebel and traitor, Koowur Singh, even after he was actually in arms against us, Mr. Tayler always called him *baboo*, which means "*gentleman*," neither more nor less. And, after all, Mr. Tayler himself, in an official letter to Government, dated 19th July 1857, expressly called these very Wahabee prisoners "*elderley gentlemen*." Further comment on this insignificant matter is needless.

Those who had personal knowledge of the events in India of 1857-58 are aware how great was the difficulty experienced by Lord Canning in restraining the tendency to violence and indiscriminate bloodshed which was but too evidently displayed by some of our countrymen, and especially by many ill-informed and highly excited and alarmed unofficial persons in Calcutta and elsewhere.

"If," said a very high living authority,¶ in commenting on these events, "Lord Canning had yielded to these natural impulses of anger and of fear, the "mutiny must have become that which it never was—a war between race and "race, with wounds that could never be healed. It was given to him to resist "this temper, with invincible moral courage and a love of justice which will "ever be dear to the memory of India and of England. The complaints and "accusations made against him at the time are an immortal monument of his "fame.

"We will take an instance. Throughout the mutiny Lord Canning per-"severed in showing his confidence in the Native races whenever and where-"ever he had an opportunity of doing so. The employment of Natives in civil "office,

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* *See* Mr. Tayler's own statements in the letters to the Bengal Government, dated 24th July and 20th August 1857.

† Letter to Government from Mr Lowis, Magistrate of Patna, dated 20th June 1857, already quoted.

‡ The expressions which Mr. Tayler has used in his publications would lead unwary readers to suppose (1) that all Wahabees are traitors; (2) that the particular Wahabees whom he arrested were all afterwards convicted of treason. Both suppositions would be incorrect. Dr. Hunter, whom Mr. Tayler quotes as an authority, says, on the first point, "I should be sorry if I were supposed to use the term Wahabi as a "synonym for traitor." And, as to the second point, only one of Mr. Tayler's prisoners was tried and convicted. The others were never charged with treason, or any other crime.

It must be borne in mind that a Wahabee is merely a member of a very strict sect of Mahommedans,—a kind of Mahommedan Puritan. They are of all classes, high and low, and of all professions. They are very numerous, and are amongst the most industrious and useful of our subjects.

§ Pamphlet of 1857, page 107.

‖ *Ibid.*, pages 122 and 151.

¶ "India under Dalhousie and Canning," by the Duke of Argyll.

"office, long urged upon the Government of India, had been increasing during "recent years. It is perfectly true that, amongst the Natives so employed, there "were some instances of treachery during the height of the mutiny. But "Lord Canning did not allow this fact to reverse a course of policy on which "so much depends.

"The European inhabitants of Calcutta, in the petition which they signed "for Lord Canning's recall, record it as one of the high crimes and mis-"demeanours of the Governor General, 'that he had lately sanctioned the "'appointment of a Mahommedan to be Deputy Commissioner of Patna; and "'also the appointment of other Mahommedans to places of trust, to the great "'offence,' they are pleased to add, 'and discouragement of the Christian "'population of the Presidency.' To this and to some other similar accusa-"tions from the same quarter, Lord Canning's reply was, 'The Governor "'General in Council has felt it an imperative duty to discourage, and as far as "'possible to repress that feeling of indiscriminate revenge which would con-"'found the innocent with the guilty, and hold every Mahommedan and "'Hindoo in India responsible for the crimes committed by a comparatively "'small number of them.' We bow with profound emotion before the "memory of a man who could hold this language at such a time."

In the difficult task which thus fell to Lord Canning, it was my duty to assist him. I did it to the best of my power, and I had my humble share in the obloquy which was cast upon him at the moment of greatest trial, when he needed all the support which his countrymen could afford him. For this I received the thanks of both Houses of Parliament. But no higher reward could have been bestowed on me than the designation of "*the right hand of the* "*Government of India*," which, after our troubles had ceased, Lord Canning officially gave me, and of which, to the end my life, I shall ever feel justly proud.

To this panic and consequent thirst for hasty and reckless bloodshed Mr. Tayler unfortunately lent himself. While other servants of the Government, each in his several station, faced the crisis with calmness and courage, and did their utmost to reassure those about them who, mainly from want of knowledge, were, with honourable exceptions, wild with anger and fear, Mr. Tayler so spoke and wrote and acted as to aggravate the alarm and intensify the excitement. He it was who in pamphlets and repeated newspaper articles, proclaimed what he called "the undying antagonism of the Mahommedan," and vehemently urged that they should never be trusted, rarely employed, and always treated as "a conquered, but rebellious people."* And it was he who first inveighed against "the great offence of appointing a Mahommedan to be "Deputy Commissioner of Patna," and eagerly fomented the Calcutta agitation on this subject, which caused a panic-stricken crew to petition for Lord Canning's recall.†

As for Mr. Tayler's "saving Patna," which he loudly claims to have accomplished by means of measures condemned by his ignorant official superiors, I assert, absolutely, that Patna was never in any danger at all, except from Mr. Tayler's violent and unwise proceedings. In other parts of his jurisdiction he directed the abandonment of European districts, none of which were in danger, and of which one station, at least, was immediately taken in hand and successfully administered by the Native inhabitants, astonished and ashamed to find themselves abandoned by their English chiefs, and left to manage for themselves as best they might, with a treasury full of money and a jail full of prisoners. Had it rested with Mr. Tayler, Arrah would have been lost, for at the very crisis of its danger, when Eyre was advancing to its relief, he wrote officially and advised him not to advance.‡ Fortunately Eyre neglected this advice, if, indeed it ever reached him.

Mr. Samuells, the very competent officer who succeeded Mr. Tayler in the office

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* *See* especially pages 20, 21, of his pamphlet, widely circulated in Bengal in 1857–58.

† Mr. Tayler's pamphlet. Appendix E.

‡ In reporting this to Government, Mr. Tayler used stronger language. He said,—"I, myself, and "the General, in concurrence with the military authorities, wrote officially to order him not to advance." Letter to Government of Bengal, 22nd August 1857.

office of Commissioner, and who, for his conduct in that office, received the honour of a C. B. ship on Lord Canning's recommendation, examined, with some minuteness, Mr. Tayler's claims to have "saved Patna," and very emphatically rejected it. Mr. Tayler's first pamphlet, and Mr. Samuell's report on its statement,* will both be found among the Appendices to this paper, and any inquirer who will compare one with the other will have no difficulty in arriving at the truth. Persons who have been content to accept Mr. Tayler's assertions without even suspecting that there could be any other version of the story, and a *soi-disant* historian who, from the same material, constructed a history without even seeking to examine the records of the period, may incautiously have committed themselves to vouch for Mr. Tayler's unrequited merits. But a very different opinion is and always was held by those who had real opportunities of knowledge.

I will only add, since Mr. Tayler bitterly complains of my treatment of him after his removal from Patna, that I gave him the best appointment then in my gift, little less valuable than that from which he had been removed; only delaying it until I should receive the decision of Lord Canning's Government on his appeal and claim to be reinstated at Patna.†

After receiving the appointment in question, he continued to attack me in the newspapers with indecent and incessant invective, of which, however, I took no notice, so far as he was concerned, until I received from the Government of India a letter, dated the 21st January 1859, in which, after severe comment upon Mr. Tayler's "insufferably offensive" conduct, I was informed that "the Lieutenant Governor would not act up to the requirements of his position "if he did not now suspend Mr. Tayler from office, and intimate to him that "he could not be re-employed until after giving assurance that he would in "future conduct himself with becoming respect to the Government under "which he is placed."

On this Mr. Tayler was suspended; and this was expressly approved by the Secretary of State.

His suspension took place on the 26th January 1859. On the 29th March following he resigned the service.

5 May 1879. (signed) *Fred. Jas. Halliday.*

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* Appendix F.

† Salary of Commissioner, 2,916 rupees per mensem; salary of district Judge, 2,500 rupees per mensem.

APPENDICES.

APPENDIX A.

EXTRACT from Mr. *Tayler's* Letter to the Government of Bengal, dated 17th July 1857.

I HAVE been blamed for not having sent in earlier reports and fuller information of what I was doing and intended to do.

I may, perhaps, be pardoned, at a crisis like the present, for stating that when I had made up my mind to act thus decisively, I purposely put my plan into execution without asking for authority, because I deemed it possible that the Lieutenant Governor, judging from a distance, might not possibly have approved of measures which to some extent undoubtedly are beyond the law, but which I, on the spot, *felt* to be *essential* for the safety of Patna.

I was further confirmed in this, from the fact that at the commencement, his Honour appeared to consider it inconceivable that there should be any rising or rebellion at Patna, and it was therefore naturally to be expected that, under such a view of the case, his Honour might not be inclined to sanction *à priori* any informal proceedings, though he might approve them if successfully carried out, when the result was shown to be advantageous.

EXTRACT LETTER from the Government of Bengal to Mr. *Tayler*, dated 22nd July 1857.

THE only part of this letter which appears to the Lieutenant Governor to call for immediate notice, is what is stated in paras. 6 to 9, in which you avow that you *wilfully* and *purposely* kept the Government uninformed of your intentions, acts, and measures. This conduct you persevered in not only up to the time of carrying out the measures referred to, but for some time afterwards, and indeed until you were compelled, by repeated and strong censures, to adopt a different course. In doing this, I am to observe you committed a grave and very reprehensible error, and you cannot but be sensible that the knowledge that it is in your opinion justifiable in an officer to conceal his official acts and purposes from the head of the Government he serves, if he has reason to suppose that they will not be approved, must make it impossible for the Lieutenant Governor to place implicit confidence in you.

APPENDIX B.

EXTRACT from DESPATCH from the Secretary of State to the Governor General in Council, dated 1st June 1859.

2. MR. TAYLER solicits a reconsideration of the following points, regarding which the Court of Directors have expressed their opinion in their Despatch, No. 120, dated 11th August 1858:—

1st. The omission to write with sufficient fulness to the honourable the Lieutenant Governor.
2nd. Trying persons in direct opposition to the Lieutenant Governor's express orders.
3rd. Printing his defence.
4th. Corresponding privately with the sessions judge.

3. Having remarked upon these several matters, Mr. Tayler then enters into a further explanation of the circumstances under which he issued the order for the withdrawal of the civil officers from their stations, which led to his suspension, and requests that he may be restored to the office of Commissioner, and that his pecuniary losses, consequent on his suspension, may be made good to him.

4. In regard to the second of the points above noticed, Mr. Tayler asserts "that there "is no foundation whatever for the statement of the Lieutenant Governor, that the express

" order is altogether imaginary, that he is altogether guiltless of this serious offence, that " no such prohibition as Mr. Halliday has described ever was issued, and could not there- " fore be disobeyed, and such being the case he charges his immediate superior with " misrepresentation."

5. In common with other officers who had been appointed Commissioners under Act XIV., 1857, Mr. Tayler received a letter from the Secretary to the Government of Bengal, dated 11th July 1857, in which it was directed " that when two or more officers, " specially empowered under this Act, happen to be present at the same station, the " sessions judge, should he be one of them, will try prisoners committed under the Act in " question. If the sessions judge be not present, then the Commissioner of Circuit will " try the cases." Mr. Tayler admits having received that letter. After its receipt he tried and executed a trooper of Captain Rattray's corps, the sessions judge, then present at the station, being at that time vested with power to hold trials under Act XIV., 1857, under an order of the Lieutenant Governor, which had appeared in the official Gazette. Mr. Tayler was called upon by a letter of the Government of Bengal, dated 5th August 1857, to submit an immediate explanation of his reasons for acting in opposition to the orders of the 11th July, and on the 29th of the same month replied, " that he was not " aware the sessions judge of Patna was empowered to try cases under Act XIV. of " 1857, nor had any intimation been received by him to that effect."

6. The true explanation, then, of this apparent violation of orders on the part of Mr. Tayler is to be found in the statement made by him that he overlooked the appointment in the Gazette (a copy of which was regularly furnished to him for the purpose of giving him information on such matters) of the sessions judge to be a Commissioner under Act XIV. of 1857. While, therefore, Mr. Tayler may not have knowingly violated orders in the case of the trooper of Captain Rattray's corps, he is altogether unwarranted in bringing an accusation of misrepresentation against the Lieutenant Governor, for making a statement on the 5th August 1857 (the date of his Minute*) for the correctness of which the Lieutenant Governor had evidence in a report of the sessions judge, dated 25th July preceding.

7. In regard to the other matters discussed by Mr. Tayler in his memorial now under consideration, Her Majesty's Government concur in the views expressed by the Court of Directors in their Despatch of the 11th August 1858.

8. Since the time that exception was first taken to Mr. Tayler's proceedings at Patna, he has carried on a correspondence of an unnecessary length, and of a very reprehensible character, to the great waste of public time, the detriment of the public service, and by no means to the credit of his own official character. It is to be regretted that you did not check Mr. Tayler when he entered upon this objectionable course, and that you did not at once visit with your marked disapproval the imputation by Mr. Tayler of unworthy motives to all who, in the discharge of a public duty, felt themselves called upon to express an opinion in any way adverse to Mr. Tayler's proceedings.

9. It is chiefly owing to your omission to take timely and effective notice of Mr. Tayler's conduct, especially in its relation to the Lieutenant Governor of Bengal, that the proceedings are now before Her Majesty's Government in an unusual and unsatisfactory form. In your letter of the 23rd December 1857, you severely censured Mr. Tayler for an elaborate and disrespectful attack upon the public conduct of the Lieutenant Governor. That censure seems to have had little effect, for in a letter of the 29th July 1858, addressed to the Government of Bengal, referring to a statement made by the Lieutenant Governor, which was shown to have been inaccurate, but the inaccuracy of which, as observed by you, originated with Mr. Taylor himself in his own several reports of the occurrence in question, that gentleman charged the Lieutenant Governor with making a deliberate misrepresentation, with the express purpose of proving a charge against him which he declares to have been unfounded. The correspondence having been forwarded to you, you informed the Lieutenant Governor that you refrained from taking notice of the style and substance of Mr. Tayler's letters, feeling that to do so would be an interference with the proper functions of the Lieutenant Governor.

10. On the receipt of your communication, the Lieutenant Governor recorded and transmitted to you a Minute, dated 18th September 1858, in which he stated at length the reasons which prevented his exercising his own authority for the punishment of his subordinate officer for a personal attack upon himself. Mr. Grant then proposed to deal with the matter, to call upon Mr. Tayler for an explanation, and to visit him with censure or suspension according to the nature of his reply. Mr. Grant, however, was overruled by his colleague, the Lieutenant Governor was again left to deal with the matter, and Mr. Tayler's reprehensible conduct remained without notice.

11. On receiving from Mr. Tayler the memorial now submitted, the Lieutenant Governor raised the question—" Whether the memorial forwarded to me by Mr. Tayler " is not worded in a manner so studiously disrespectful and offensive towards me as to " render

* Printed correspondence in Mr. Tayler's case, p. 124.

" render it unfit to be received by me from a subordinate officer, and whether a subor-
" dinate officer, who, having once been censured by the Government of India for similar
" improprieties of expression, has again ventured on a repetition of them, ought not to be
" punished for his conduct, and, if so, by what authority." The Lieutenant Governor forwarded the memorial, and solicited your instructions.

12. Three of the Members of the Council were, in the first instance, for suspending Mr. Tayler from office. This measure, however, was departed from on the advice of Mr. Peacock, for reasons concurred in by the majority of the Council, and it was determined to leave every part of the case for the final decision of the Secretary of State for India, the Lieutenant Governor being informed that it was too late to inflict punishment for the language made use of in the letter of the 29th July 1858, and that it was " not
" advisable to punish Mr. Tayler, or to refuse to forward his present memorial on account
" of the objectionable language which is contained in many parts of it."

13. Her Majesty's Government are of opinion that, on the receipt of the Lieutenant Governor's Minute of the 18th September 1858, you ought to have interfered to uphold the authority of the Lieutenant Governor in a matter in which he felt himself deprived by personal considerations of all liberty of action, and to have checked the persevering and offensive insubordination of Mr. Tayler. They are further of opinion that the proceedings ought not to have been submitted to the Home Government without any suggestion or recommendation as to the course which, in your judgment, it is now expedient to adopt in regard to that gentleman.

14. In coming to a decision upon this painful case, it is due to Mr. Tayler that Her Majesty's Government should take into consideration the circumstances to which you refer in your letter, No. 4, of the 10th January last. Mr. Tayler had printed and circulated an attack upon the Lieutenant Governor, for which he was censured by your Government. The Lieutenant Governor then communicated to the press the papers in Mr. Tayler's case, containing, among other documents, a letter from Mr. Samuells, the successor of Mr. Tayler in the Patna Commissionership, commenting, in terms of great severity, upon Mr. Tayler's proceedings. Her Majesty's Government concur with you that, in taking this step, the Lieutenant Governor committed a serious mistake, and that in communicating the correspondence to the press, he furnished Mr. Tayler with a pretext for the license of which he has so freely availed himself, in using language towards the Lieutenant Governor, for which, however, even the publicity given to the proceedings by the Lieutenant Governor affords no justification.

15. Under all the circumstances of the case, Her Majesty's Government are of opinion that you would have been fully justified in removing Mr. Tayler from public employ; but, as you have not done so, Her Majesty's Government will abstain from visiting that officer now with the punishment to which his offensive and insubordinate conduct has exposed him. Should there, however, be any repetition of such unbecoming language in characterising the proceedings of the Local Government, you will at once suspend him from official employ.

16. The disposal of your reference in regard Mr. Tayler's dispute with Mr. Samuells, and to his proceedings in connection with the Industrial Institution at Patna, is deferred until the receipt of the further papers in those cases.

17. You are requested to furnish Mr. Tayler with a copy of this Despatch.

18. Since the foregoing paragraphs of this Despatch were written, your letter dated 22nd January (No. 16) has been received. From the papers which accompany your communication, it appears that Mr. Tayler, having " been permitted to make public in any
" way he chose the whole of the Despatch of the Court of Directors passing judgment on
" his case, commenced the publication from time to time of such extracts as suited his
" purpose, accompanied with his own remarks, in which he passes unmeasured strictures
" on the conduct of his Government, and indulges in offensive language in relation to the
" Lieutenant Governor and other officers."

Under these circumstances, you have communicated to the Lieutenant Governor your opinion that he would not act up to the requirements of his position if he did not now suspend Mr. Tayler from office, and intimate to him that he could not be re-employed until after giving assurance that he would in future conduct himself with becoming respect, and in proper subordination to the Government under which he is placed.

19. The conduct of Mr. Tayler in publishing in a newspaper the most offensive insubordinate language towards the Lieutenant Governor admits of no justification, and Her Majesty's Government entirely approve of your decision in directing the suspension of Mr. Tayler until he gives the assurance required of him.

APPENDIX C.

EXTRACT from DESPATCH from the Secretary of State to the Governor General in Council, dated 28th July 1859.

2. Desirous of establishing an Industrial Institution at Patna on an extensive scale, Mr. Tayler applied for the necessary means to the landholders of the districts comprised within his division, and succeeded in obtaining a subscription list to the amount of 1,66,780 rupees (besides monthly subscriptions), of which 87,778 rupees had been paid when the institution was brought to an end in consequence of the disapproval by Government of the mode in which the subscriptions had been procured; the stock belonging to the institution was sold, and the cash balance (amounting to 60,800 rupees) restored to the subscribers.

3. Her Majesty's Government concur with you in considering it to be clearly shown that "Mr. Tayler exercised all the influence which, as Commissioner of the district, he "possessed to induce the wealthy landowners to subscribe to the institution which he had "established, and he accepted subscriptions from persons who he knew were not in "affluent circumstances, or in a condition to subscribe the large sums which they agreed "to pay."

4. Her Majesty's Government deeply regret that on the outset of his proceedings Mr. Tayler should have received any countenance or encouragement from the Lieutenant Governor of Bengal. They are of opinion that, instead of considering as "very satis-"factory" a list containing sums of 30,000, 20,000, and 10,000 rupees, subscribed by large landholders to a scheme set on foot by the Commissioner of the Division in which their estates were comprised, the Lieutenant Governor should at once have made inquiry into the circumstances under which those subscriptions were obtained.

5. When, however, doubts were raised as to the voluntary character of the contributions the inquiry instituted by the Lieutenant Governor was prompt and full. The fact was then established that the subscriptions were offered in deference to Mr. Tayler's official position and authority, and under an apprehension, on the part of the native gentlemen appealed to, of incurring the Commissioner's displeasure if their assistance was withheld.

6. In pursuance of this inquiry Mr. Tayler was called upon by the Lieutenant Governor to explain by what means the subscriptions had been obtained, and especially whether the Rajah of Durbhunga (whose name was down for 30,000 rupees, and who was willing to borrow a lac of rupees from the funds of the institution at 10 or 12 per cent.) had been asked to subscribe.

Mr. Tayler was at the same time desired to submit a copy of any correspondence that had taken place with the rajah regarding the subscription and the proposed loan. In his elaborate reply Mr. Tayler made it appear that the rajah's subscription was entirely voluntary. With his letter to the Lieutenant Governor he transmitted numerous enclosures, but he failed to transmit a communication from the rajah, then in his (Mr. Tayler's) possession, in which the writer stated that he had given 10,000 rupees willingly, but that, hearing a subscription to that amount would cause dissatisfaction to the Government and its officers, he had promised the additional sum of 20,000 rupees payable by assignments on his rent collections.

7. Neither did Mr. Tayler make any allusion to a letter, also then in his possession, which he had received from the Honourable R. Forbes, judge of Tirhoot, in which the following passage occurs: "In writing to you when here, I said that I thought it impos-"sible for any well-wisher of the people of India to read the prospectus of an institution "holding out the promise of such advantages to them and to their country without "heartily wishing it success. Referring, however, to all that has since occurred, I think "it is much to be regretted that an altogether different plan was not adopted in seeking "for the institution the pecuniary support of the natives in the different districts, which "would have prevented the unfavourable impression, assuredly created here, that all "considered wealthy were to be required to contribute very largely whether they liked "it or not, and that, in fact, they must not dare to refuse. For myself, I must say that, con-"sidering the dissatisfied feeling which was certainly excited in this district, the unreserved "manner in which the natives openly spoke their sentiments of disapproval, coupled with "what appeared in the newspapers, I was not surprised at the Lieutenant Governor's "anxiety to disabuse the public mind of the prevailing idea that the Government was "lending its sanction to extorted contributions or forced taxation."

8. Called upon by the Lieutenant Governor to explain why he had not forwarded, together with many other documents favourable to his own views, Mr. Forbes' letter of an opposite character, Mr. Tayler replied,—

"Several gentlemen, of whom I well know Mr. Forbes was one, brought a sort of charge against me, and either themselves, or through their friends, conveyed these charges to the Lieutenant Governor.

"When

"When I had private and demi-official information of this, I sent up sundry other private or demi-private notes for his Honor's perusal, to show that there were two sides to a question, and that these gentlemen's statements were not of gospel or oracular accuracy.

"I sent up such notes or letters as I thought would show this. Was I to supply charges or opinions against myself? Was not I to be at liberty to send what notes I chose, and keep back what I chose?

"It was a voluntary and optional matter to send any. I was not entrusted with an inquiry, and directed to hand up letters and statements on both sides. My accusers were active enough to supply the charges. My object was to defend myself from them."

9. Some excuse may possibly be found for Mr. Tayler's mode of obtaining subscriptions to the Industrial Institution, in the supposition that, in promoting an object of engrossing interest to himself, he failed to perceive the doubtful character of some of his proceedings in endeavouring to accomplish his object; but if, in withholding documents of direct bearing on the matter under inquiry for the reasons given in the above reply, Mr. Tayler can be relieved of the charge of highly disingenuous conduct, and of practising a deception upon the Lieutenant Governor, it can only be by attributing to him a total ignorance of his position and duties in relation to the Government to which he was subordinate, and to which he was bound to afford all the information in his power, in regard to proceedings which he was carrying on in his official capacity, and supporting by means of his official authority.

10. Mr. Tayler has declined to avail himself of the permission accorded to him to address the Home Government on the subject of the Lieutenant Governor's decision in the matter of the Industrial Institution at Patna. His explanation, however, of the entire transaction is on record in his several communications on the subject to the Lieutenant Governor of Bengal; and on a careful consideration of these, Her Majesty's Government are of opinion that Mr. Tayler's proceedings in the matter were such as fully to justify the censure which you have passed upon his conduct.

APPENDIX D.

MINUTE by the Lieutenant Governor of Bengal, on Mr. Tayler's Pamphlet, entitled "Brief Narrative of Events connected with the Removal of W. Tayler from the Commissionership of Patna."

MY attention was first drawn to Mr. Tayler's pamphlet, with the title above quoted, by the censure pronounced upon it by the Right Honourable the Governor General in Council, but supposing it to be a mere private statement of his case drawn up for his friends, and not being disposed to attach much importance to such productions, I paid no attention to it, and did not even take an opportunity of reading it until a recent date; nor, after I had once read it, did I think it worthy of any particular notice until I found that a considerable number of copies had been exposed at the shop of Messrs. Thacker, Spink, & Co., for public distribution, and that the pamphlet had thus got into wide circulation. I have found, too, that the subject, connected as it is with events belonging to the recent revolt and disturbances, has excited in the public mind an interest beyond its intrinsic merits, and that for want of general information as to the actual facts of the case, the representations of Mr. Tayler, especially those by which he has sought to identify himself with the popular policy of the day, have received much more credit than they deserve, and have occasioned much misunderstanding of the real conduct and motives of the Government. Moreover, I have quite recently become aware of a later pamphlet published by Mr. Tayler, and called "Addenda to the Correspondence relative to the removal of Mr. W. Tayler," in which I find printed a Memorandum, said to have been "submitted to the Governor General in Council," which contains, with additions, some important portions of the mis-statements which I have observed in the earlier pamphlet, and this Memorandum having been addressed to the Government of India, has probably been brought into the records of that Government, and perhaps transmitted to the honourable court. Looking, therefore, to these circumstances, and to the very remarkable errors abounding in the statements in question, I have thought it due to the authorities under whom I serve to submit to them the following observations on Mr. Tayler's pamphlets, comprising a defence of my conduct, therein violently and unjustly attacked on account of a necessary act of public duty forced upon me by Mr. Tayler's misconduct, and entirely approved and supported by the Right Honourable the Governor General in Council.

2. I shall endeavour to do this with as much brevity as possible, for I feel that the subject deserves no further consideration than is necessary to separate fact from error, and place in a true light occurrences which, in the pamphlet before me, have been very inaccurately represented.

3. If I understand Mr. Tayler's pamphlet aright, its object is to show—First, and chiefly, that he was unjustly removed from the Commissionership of Patna, when he deserved reward instead of disgrace. Secondly, that this removal was occasioned not by any erroneous or improper conduct on Mr. Tayler's part, but because of the personal disfavour with which I had for several months regarded him in consequence of an honest remonstrance which he had made against my proceedings in the matter of the Patna Industrial Institution, which proceedings were occasioned by a cabal, headed by my brother-in-law. Thirdly, that previous to Mr. Tayler's removal, I had been guilty of great and dangerous errors connected with Mr. Tayler's measures and the safety of Patna, which were very embarrassing to that gentleman, and obliged him to act on his own responsibility in opposition to my views. Fourthly, that after Mr. Tayler's removal, I have lent myself to discreditable arrangements, which have been very generally and justly condemned.

4. With regard to the first of these allegations* it is needless for me to say anything. The question has been decided by the highest authority in this country, namely, the Governor General in Council, to whom Mr. Tayler appealed against my act, and who has declared " that the Lieutenant Governor was thoroughly justified in removing Mr. Tayler " summarily from the office of Commissioner of the Patna Division, on the ground that, " at so critical a period, the division could not safely be left in his charge."

5. The second allegation† is merely one of those ordinary manifestations of chagrin which are apt to be displayed on similar occasions. Except among the higher order of spirits, everyone who is rebuked or punished for misdoings has always his little tale to tell of personal or political hostility, of prejudice and disfavour, of anything, in short, rather than the simple and obvious demerit for which he has been condemned. Mr. Tayler is no exception to this very ordinary rule. He has been censured and removed, and his removal has been, for publicly declared reasons, upheld and approved by the highest authorities in India. Forthwith, he has his small string of private reasons for this mischance, all attributing it to the basest motives of personal spite and malignity, and all, as usual on such occasions, utterly without existence, except in the imagination of Mr. Tayler himself.

6. Mr. Tayler's own reasons for imagining these motives will be found in the first six pages of his " Brief Narrative"; but the correspondence on the subject of the Patna Industrial School has now been published, and may be referred to by those who desired a more accurate account of the circumstances alluded to by Mr. Tayler than it is possible to obtain from a perusal of his pamphlet.

7. My own remarks on the correspondence in question shall be as brief as possible. The correspondence itself being available, any lengthened commentary is unnecessary.

8. In August 1856, Mr. Tayler devised a scheme of an Industrial Vernacular School at Patna,‡ and proposed to apply towards its foundation a sum of 20,000 rupees, which the Rajah of Bettiah had, at the time of his investiture, spontaneously presented to Government to be used for the public good. Of this scheme I approved, advocating a small beginning, and modesty and moderation in its gradual development.

9. Mr. Tayler proceeded to canvass the native gentry of the Province of Behar for subscriptions to this institution, in a manner of which I was not then aware, and by the end of February 1857 he had an unusually large list of donations and subscriptions,§ amounting to 1,60,759 rupees, of which 76,750 were actually paid, and the rest promised.

10. But during January, or very early in February, Mr. Tayler heard at Mozufferpore‖ from the judge of that district, and subsequently, *i. e.*, on the 9th March, from the judge of Patna, " that some of the contributors to the Behar Industrial Institution had con- " tributed unwillingly, or against their real wishes, and that others in this place are in a " state of alarm lest they should be called upon or compelled to do likewise." On this, he states, " I immediately wrote (to Mr. Forbes¶) and begged him to take every oppor- " tunity of contradicting the rumour, and of assuring all concerned that *I wished for no* " *contributions but such as were cheerfully and freely given.* I also published a notice *to* " *the same effect,* and took occasion to repeat the same personally to every native gentle- " man who called on me."

11. In the meantime the same reports which had reached Mr. Tayler had also reached me, though at a somewhat later date; and on the 26th February I addressed him a few words

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* That he was unjustly removed from the Commissionership of Patna, when he deserved reward instead of disgrace.

† That this removal was occasioned, not by any erroneous or improper conduct on Mr. Tayler's part, but because of the personal disfavour with which I had for several months regarded him in consequence of an honest remonstrance which he made against my proceedings in the matter of the Patna Industrial Institution, which proceedings were occasioned by a cabal headed by my brother-in-law.

‡ Page 7 of the Collection of Papers regarding the Patna Industrial Institution.

§ *See* page 58 of the Collection.

‖ Page 41 of the Collection of Papers.

¶ Judge of Tirhoot.

words of caution on the subject.* I also repeated this caution in a public letter of the 9th March,† and having in the meanwhile seen strong reason to believe that Mr. Tayler had been conducting himself so indiscreetly, that unless I should speedily interpose the Government would become seriously compromised (which afterwards proved to be the case), I requested Mr. Tayler himself, in his department, and the judicial officers of the province in theirs, to give the widest possible circulation to an authoritative declaration that the Government, "while it views with satisfaction the spontaneous liberality of its "subjects in the prosecution of objects of public utility, is always strongly opposed to "receiving any contribution, or encouraging any undertaking, which does not arise from "the real and willing munificence and public spirit of the contributors."‡

12. Mr. Tayler, who had already declared himself exclusively in favour of such contributions only "as were cheerfully and freely given," and had issued, so early as the 3rd of February, a public notification to the same effect, could not disapprove of the principle I now laid down, and indeed he had given in his entire adhesion to it in his reply § to my letter of the 9th March, in which he expressed his entire assent to the principle which I had urged on his attention, that subscriptions, to be acceptable, must be really and wholly spontaneous.

13. The notification issued by Mr. Tayler will be found in the original Hindoostanee at page 48 of the printed collection, and the following is a literal translation of it:—

"It has been publicly stated that certain mischief makers have reported that, for the sake of establishing the great industrial institution, which is being founded for the benefit of the people in the city of Patna, money will be collected from rajahs and chiefs, gentry and merchants, and others, without their free will and consent. This is a gross falsehood, and has absolutely no connection with truth. Whatever any one, whether nobleman or merchant, or zemindar or other, out of magnanimity and nobility, and liberality and munificence, with a view to good works and the benefit of his species, of his full free will may offer, will be taken. And it is never approved or acceptable that money, or books, or goods, should be taken from any one against his will for the establishment of the Industrial Institution. Therefore, for general information, this notification is published, that every one being acquainted with it may be at ease in his mind, and not take any notice of the false groundless tales of mischief makers."

14. No one, I think, could read this notification, together with Mr. Tayler's declaration in exclusive favour of *cheerful and willing contributions*, and his adoption of the principle of *wholly spontaneous gifts*, and not be much surprised to find the following considerations assigned, at page 5 of his present pamphlet, as his reasons for now disapproving of my letters above quoted:—

"I could not conscientiously and . . . . I would not feign to believe that the subscriptions had been disinterested and spontaneous, when I knew, as all others know, that such words are scarcely to be found in the Native vocabulary."

It is surely not unreasonable to inquire how, with such sentiments as these in reserve, Mr. Tayler could issue his notification above quoted, and how he could have given in his full adhesion to the "wholly spontaneous" principle, believing all the time that such a principle was altogether unintelligible to the Native mind.

15. No intimation of this reserved opinion regarding the possibility of spontaneous donations escaped from Mr. Tayler at this time, nor until after he had learnt my opinion. On the contrary, he gave me the strongest assurances that he had "used no influence "whatever beyond explaining to the wealthy Natives the scope and purport of the scheme, "and the benefits likely to be derived from it when fully developed," and that he "full "and sincerely believed that the sums given had been given freely and willingly." Moreover, he declared that all rumours to the contrary were "absurd, idle, and malicious "calumnies," and "contemptible scandals," spread abroad by "the ignorant or the envious," and partly owing to the bitter personal animosity "of an individual at Mozufferpore." And he added‖ that he had circulated to the subscribers a request that they would state without scruple if they had subscribed willingly or unwillingly, and that he *would take care to inform me of the result.*

16. This he afterwards did, or professed to do, sending me every reply that expressed willingness to subscribe, and every letter that gave any laudation to his scheme and to the means he had used for its establishment. But there was one reply which Mr. Tayler did *not* send for my perusal, and the case of that reply was as follows:—

17. In a letter to Mr. Tayler, dated 2nd April 1857 (pages 67, 68, and 69 of the Collection),

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* "I hope that in your zeal for the Industrial Institution you have not laid yourself open to any fair imputation of *pressing* for subscriptions, because that is a thing to which I have such strong objections that, much as I admire your scheme, and greatly as I hope to see it succeed, I should in that case disown and disavow the whole thing in a moment.

"I will not conceal from you that it is *said* of you that you are levying almost a forced contribution. This I do not believe. But I know your warmth of zeal, and think you will not take it ill that I caution you against any excess."—Extract from a demi-official letter to Mr. Tayler, dated 26th February 1857.

† Page 36 of the Collection.

‡ *See* the whole letter at pages 37 and 38 of the Collection.

§ Page 48 of the Collection.

‖ Pages 41 to 45 and 48 of the Collection.

Collection), several particular questions were put regarding the affairs of the Institution, and, among the rest, the following:—

"In the list of subscriptions, there is one item which has attracted the Lieutenant Governor's particular notice. It is the subscription of the Rajah of Durbhunga, amounting to 30,000 rupees, *not yet paid.* This Rajah is the improvident and practically needy zemindar in whose favour you recently applied for sanction to a loan of one lac of rupees out of the subscriptions to the institution; so that, if such a loan had been sanctioned, it would seem that the Rajah would have paid his subscription to the institution from the money borrowed by him from the institution. The Lieutenant Governor desires to be informed specially whether the Rajah of Durbhunga was asked to subscribe, and also how it came to your knowledge that he was willing to borrow a lac of rupees from the funds of the Institution at 10 or 12 per cent. interest. *You will have the goodness to submit a copy of any correspondence that has taken place with the Rajah regarding his subscription and the proposed loan.*"

18. Mr. Tayler's reply* was in the following words:—

"Before detailing the circumstances connected with the Durbhunga Rajah's subscription, I would beg to observe that *his contributions* and my proposal to lend him one lac of rupees from the funds of the institution are two separate matters, and I will, therefore, treat them separately; and first with respect to his subscription. The amount is entered in the list at 30,000 rupees, to gratify the self-esteem, perhaps the vanity, of the Rajah, by thus preventing Modenarain's donation from topping it.

"But, in fact, 10,000 rupees is all he has promised to pay in cash, and for 20,000 rupees he proposes to give an assignment on the rent of an estate to be paid gradually in the course of some years.

"This latter sum is, therefore, more in the nature of an annual subscription than a donation.

"The communication held with the Rajah was on this wise.

"I have before informed the Lieutenant Governor that Mr. Forbes acquainted me of the rumour that had been circulated at Mozufferpore, that I wrote to Mr. Forbes to beg him to contradict it, that I discovered the origin of the idea to have been the officiousness of an absurd man, who, without license or authority, had drawn out a list with imaginary sums appended to the names according to the wild imagining of an irregular brain.

"I have also shown how this ridiculous rumour, having this origin, was circulated by the ill-feeling of one individual, and thus, *instead of being stifled as it might have been,* acquired intensity.

"It was a day or two after this that the Rajah's principal mooktear and manager, Mohun Doobey, a man, as report says, as rich as his master, came to see me. I mentioned this report, told him that I had begged Mr. Forbes to contradict it, that I had heard the Rajah's name had been put down in this spectre list at the imaginary figure of 50,000 rupees, that I had no wish for the Rajah to give a farthing more than he was willing and ready to give, but that the work was one in which he, as all other zemindars, was directly interested, and one worthy of his support.

"Mohun Doobey expressed his perfect conviction of the absurdity of the rumour, said that the Rajah had heard of the scheme, highly approved it, and was most anxious to aid in carrying it out.

"I was then asked to say what I thought the Rajah ought to give, and on this I was pressed to give my sentiments.

"I replied that there was no 'ought' in the case, but that having regard to the widespread and important results that all expected to be derived from the work, to the great expenditure indispensable for its success, and to the rank and position of the Rajah, my idea had always been that 20,000 rupees or 25,000 would be a liberal, but by no means too liberal a donation.

"The reply was eager and emphatic, repeated again and again: *Maharajah bahoot khooshee se denge nehayut khooshee se, &c., &c., &c.*†

"I then asked him if he were authorised to say this positively, because I reported all new subscriptions at intervals to Government, and it was desirable to be sure.

"He again and again said that he was vested with full authority, that the Rajah would be delighted to give that sum, that he was the Sudder Rajah, and always had assisted in such works, and so on at great length and with much volubility.

"There the scene closed; I put the Rajah's name down in my memorandum, and thought him a very liberal fellow.

"I returned to Patna to meet Mr. W. Gordon Young, and my prescribed visit not having been completed at Tirhoot, I again went there on the 1st ultimo.

"On this occasion the Rajah himself came to visit me, but before he came to me the judge sent for him, and, I believe, advised him not to give more than that some specified sum.

"This was told me by the Rajah himself, who said he *was most anxious to give liberally, that he did not fancy the idea of any one giving more than himself,* but that he did not like to run counter to the judge's wishes.

"I replied

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* Dated 29th April, page 77 of the printed Collection.

† *I.e.*, "The Rajah will give it with great pleasure and willingness."—F. J. H.

"I replied that he was quite at liberty to give nothing if he chose, but that his mooktear had assured me he was authorised to put his name down for 25,000 rupees, and I had mentioned this to several people, which was a dilemma.

"He again said, '*Yes, I wish it, my soul wishes it, but the judge advises me not; he is 'the Hakim here; what shall I do?*'

"He then requested to see Dewan Moula Buksh, who had obtained leave for two or three days, and had come over on purpose to aid me in disabusing people's minds of the misconception, and explaining the real purport and objects of the scheme.

"After a short conversation with the Dewan, the Rajah again asked to see me, and said that he was extremely unwilling to deviate from his word conveyed through his agent, but, *to satisfy the judge*, he thought it better to give only 10,000 rupees as a donation, and the assignment, as above mentioned, for 20,000 rupees to be paid yearly. I told him he was master of his own actions and his own money, that I quite understood his feelings, wished him to do what he thought proper, and was thankful to him for his liberality in so good a cause.

"The next day he brought the *Urzee*, translate of which is appended, and he told me that he had informed the judge, who fully approved of what he had done.

"Here closed the scene."

19. More fully to establish the entire willingness of the Rajah thus carefully insisted upon, and in apparent obedience to that part of my instructions which directed him to "submit a copy of any correspondence that has taken place with the Rajah regarding his subscriptions," Mr. Tayler appended a translation of an *urzee*, or letter from the Rajah, dated 5th March, in which he professed to offer, of his own free will, 10,000 rupees in cash, and an assignment for a future sum of 20,000 rupees.

20. It is, however, a lamentable fact, that at the very time Mr. Tayler was drawing up the foregoing elaborate narration to assure me of the Rajah's willingness, and while he was professing to send me his "correspondence with the Rajah regarding his subscription," he had for some days been in possession of a letter from the Rajah which he did *not* send, or even notice, and in which the Rajah distinctly retracted his agreement to subscribe 20,000 rupees out of the 30,000 rupees standing against his name, and declared that he had made it out of fear of the Commissioner's displeasure and that of the Government. The following is a translation of his letter; the original Oordoo will be found at pages 43A. and 97A. of the printed Collection:—

"After compliments, I have received your honoured letter inquiring of me regarding the money I promised to pay now and hereafter to the Patna Industrial Institution, whether it was with my full consent and free will, or against my will. As you direct me to state the truth without concealment or hesitation, I proceed to say that, when I heard of the commencement of the institution, I willingly desired to subscribe up to 10,000 rupees. But afterwards when I showed a willingness to give a further sum by assignment on certain collections, it was in this belief, that if I only gave 10,000 it would cause dissatisfaction to the Government and its officers; but now that I have been made aware by the Lieutenant Governor's notification that this assessment is not by the pleasure of the Government, and that neither by giving less I shall incur its displeasure, nor by giving more its peculiar good will, I certainly wish to obey the behests of Government, and to join in a good work only to the extent of my means and resources."

21. Mr. Tayler was asked on the 20th of May, why he had omitted to notice this letter while he was assuring the Lieutenant Governor of the entire willingness of the Durbhunga Rajah to give 30,000 rupees; but he sent in no reply till October, two months after he had been removed from the Commissionership, and then made answer to the question in the following words: "Simply because I detained it until I received and could send "in my reply to the Mozufferpore reports, of which, as in the case of Behar and Shahabad, "it forms an appendage." *

22. Upon this reply I think it unnecessary to make any comment.

23. It will be seen that Mr. Tayler in his letter of the 9th March,† while strenously denying the truth of the reports regarding the alleged unwillingness of some of the subscribers, and assuring me that he had used none but legitimate influence to procure subscriptions, solicited me very urgently to decide distinctly and finally whether he had pursued a right course or a wrong one in the matter, so that he might govern his future conduct accordingly.

24. But inasmuch as very discrepant and contradictory opinions were before me regarding the light in which the collection of money for the industrial school was viewed by the native gentry of the Behar Province, some stating that it was reported to have occasioned discontent, anxiety, and alarm, and Mr. Tayler, on the other hand, declaring in the strongest terms that there had been no discontent, or anxiety, or dissatisfaction of any kind in consequence of the subscriptions, I thought myself obliged to make full investigation as to the real facts, in the only way that was open to me, by directing the judges of

* *See* page 95A. of the printed Collection, para. 51.
† Page 41 of the Collection.

of the several Zillahs and the Commissioner of Bhaugulpore to inquire into the subject, each within his own jurisdiction, and to report the result. And this seemed to me the more just and necessary, because Mr. Tayler was disposed to heap the severest reproaches on all who differed from him on this point, and was apt to ascribe all opinions other than his own to nothing short of envy, malice, and wickedness.

25. Accordingly, on the 7th April 1857 (page 168 of the Collection) I called on Mr. Yule, Commissioner of Bhaugulpore, and on the judges of the several Zillahs of the Behar Province, to report, after sufficient inquiry, whether, as far as each might be able to ascertain, the proceedings regarding the collection of subscriptions for the Patna Institution had created any dissatisfaction or anxiety in the minds of the Native gentry or not.

26. Having issued these orders, I took no further steps regarding the question at issue (except by putting a few unavoidable questions to Mr. Tayler), and I expressed no opinion regarding the matter until the whole of the reports had been received. On the contrary, I was careful to assure Mr. Tayler, at the time of putting certain necessary questions to him, that I was giving no opinion as to the manner in which his influence had been used, but was merely inquiring into facts.

27. But Mr. Tayler set up a loud complaint of the course I had pursued, assuming and asserting without any reason that I already believed in the truth of the rumours as to which I was making inquiry,* and representing himself as an object of grievous and undeserved censure from the Government, in the face of the fact that not one word of blame had yet been directed against him.

28. He did not at that time state specifically the nature of his objections to the inquiry I had ordered to be made, further than that the mere inquiry was a disgrace to him (as if I could decide without inquiry). But at a later date† he produced the following reason for deeming the inquiry unfair and objectionable, viz., that "two, out of the five judges "entrusted with the due investigation in this case had committed themselves to a written "opinion, conveyed, I apprehend, to the Lieutenant Governor." And again, "It was "from the statements and reports of these gentlemen, and Mr. Garrett *principally*, or "others in their immediate confidence, that the Lieutenant Governor was first im-"pressed with the belief which led to the inquiry;" and still further, "thus it may be "said that in several instances the plaintiffs have been constituted the judges of their own "case, a proceeding not very usual nor particularly fair."

29. The only authority or foundation for this statement of which I am aware consists in a private letter written by Mr Farquharson to Mr. Tayler himself in the month of March, a copy of which was sent by the former to Mr. Buckland in that month, and was shown to me. The names of the judges concerned are given in a note.‡ There were, with Mr. Yule, eight, instead of five. With the exception above mentioned, I have had no communication with any of them on the subject of the subscription previous to or subsequent to the order to investigate, save and except their public reports on the investigation printed in the Collection. There is an end, therefore, to Mr. Tayler's declared reasons for objecting to the investigators. And I am not aware of any other objection to them that has been made by Mr. Tayler, or that could possibly be made by him, with any show of reason.

30. It would seem, however, from several expressions used by Mr. Tayler in finding fault with what he calls "the mode and principle of the inquiry," and especially from his complaining that it was ordered "without heeding the repeated assurances made on my "(Mr. Tayler's) responsibility as Commissioner of the Division," that, in his opinion, I ought to have made no inquiry at all, but should have rested satisfied with his simple assurances.§

31. I wish heartily that I could have done in this matter as Mr. Tayler thinks I ought to have done, and could have contented myself securely with adopting his repeated assurances. But experience has but too clearly shown that this would have been unwise. Had I relied only on Mr. Tayler, it is, to say the least of it, extremely doubtful whether I should have ever been told of the written declaration of the Rajah of Durbhunga that he had subscribed three times as much as he wished for fear of the displeasure of the Government and its officers; and it is perfectly certain that Mr. Tayler would have concealed from me the following most important opinion and information received by him from the Honourable Robert Forbes, Judge of Tirhoot, in a letter addressed to him on the 1st April 1857:‖—

"In writing to you when here, I said that I thought it impossible for any well-wisher of

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* Pages 90, 182, 208, and 56A of the Collection regarding the Patna Institution.

† Page 67A of the Collection; Mr. Tayler's letter, though dated July 1857, was not sent in till 4th October.

‡ The Honourable Robert Forbes, Judge of Tirhoot; R. Farquharson, Esq., Judge of Patna; T. C. Trotter, Esq., Judge of Behar; A. Littledale, Esq., Acting Judge of Shahabad; G. Martin, Esq., Acting Judge of Chuppra; T. Sandys, Esq., Acting Judge of Bhaugulpore; D. Cunliffe, Esq., Acting Judge of Purneah, and G. Yule, Esq., Commissioner of Bhaugulpore.

§ *See* para 46 of Mr. Tayler's letter to Government at page 54A of the printed Collection.

‖ *See* page 117 of the printed Collection.

of the people of India to read the prospectus of an institution holding out the promise of such advantages to them and to their country, without heartily wishing it success. Referring, however, to all that has since occurred, I think it is much to be regretted that an altogether different plan was not adopted in seeking for the institution the pecuniary support of the Natives in the different districts, which would have prevented the unfavourable impression assuredly created here, that all considered wealthy were to be required to contribute very largely, whether they liked it or not, and that in fact they must not dare to refuse. For myself, I must say that, considering the dissatisfied feeling which was certainly excited in this district, the unreserved manner which the Natives openly spoke those sentiments of disapproval, coupled with what appeared in the papers, I was not surprised at the Lieutenant Governor's anxiety to disabuse the public mind of the prevailing idea that the Government was lending its sanction to extorted contributions or forced taxation."

32. Now, I say, it is perfectly certain that Mr. Tayler would have concealed this from me, while he was professing, "on his responsibility as Commissioner," to give me the most ample information and assurances as to the whole facts of the case, not only because be *did* conceal it till it was brought to light by Mr. Forbes himself, but because he was asked by me, on the 20th May, why he had withheld so important a communication,* he made (but did not send in till October) the following astonishing reply:—

"The Lieutenant Governor asks why I did not send for his perusal Mr. Forbes's letter, which Mr. Forbes has quoted, though I have sent many others on the opposite side of the question. I really think the supposition implied by the question is a little hard upon me.

"Several gentlemen, of whom I well know Mr. Forbes was one, brought a sort of charge against me, and either themselves, or through their friends, conveyed these charges to the Lieutenant Governor.

"When I had private and demi-official intimation of this, I sent up sundry other private or demi-private notes for his Honor's perusal, to show that *there were two sides to a question,* and that these gentlemen's *statements were not of gospel or oracular accuracy.*

"I sent up such notes or letters as I thought would show *this.* Was I to supply charges or opinions against myself? Was not I to be at liberty to send what notes *I chose,* and keep back what I chose?

"It was a voluntary and optional matter to send any. I was not entrusted with an inquiry, and directed to send up letters and statements on both sides. My accusers were active enough to supply the charges. My object was to defend myself from them."

33. Upon this I will merely remark, first, that Mr. Forbes never made any charges against Mr. Tayler, and never had any communication with me, directly or indirectly, concerning Mr. Tayler's proceedings, except such as is printed in the Collection, and bears date subsequent to the date of the letter which Mr. Tayler suppressed; and Mr. Tayler had at no time any ground or reason whatever for asserting the contrary. Secondly, that when Mr. Tayler suppressed Mr. Forbes's important letter he was in no sense under trial, for the investigation of which Mr. Tayler afterwards complained so much was not ordered by me till the 7th April, and could not have been known to him till the middle of that month, or about a fortnight after his receipt of Mr. Forbes's letter. Meantime he was, as the Commissioner of the Division, bound to supply me with full and complete information as to all his proceedings, and as to the real state of the Native mind throughout his division, and was actually professing to do so, and endeavouring to induce me to accept his assurances untested, when, in fact, as it now appears, he was only giving me such information as supported his own views, and wilfully withholding everything on the other side. But not only did Mr. Tayler avoid sending me this letter of Mr. Forbes's at the time it should have been sent, but he ignored it entirely in a subsequent communication in which the matter to which it refers is expressly alluded to. It is difficult to understand how Mr. Tayler, having Mr. Forbes's moderate yet impressive statement of the 1st April in his hand, could have justified it to himself to write to me, as he did on the 8th April (*see* page 47 of the Collection), without making any allusion to it, although his letter had express reference to the earlier warning given him by Mr. Forbes in the month of February. I cannot think that any one who reads this statement will blame me for not having implicitly relied on Mr. Tayler's assurances, and for having deemed it necessary to inquire further before adopting his representations as the foundation of my decision in the case.

34. To proceed. The several judges and the Commissioner of Bhaugulpore had all sent in their reports by the middle of May, and these were forwarded to Mr. Tayler for his perusal, and for such observations as he might wish to make regarding them.

35. To

* "You have submitted to Government letters from apparently every person who wrote to you in favour of your measures, in order to prove that they were open to no objection, and it seems strange, therefore, to the Lieutenant Governor that you should never have given his Honor any account of so important a letter as that from the Judge of Tirhoot, which furnished such a weighty opinion on the other side."—Extract from Mr. Buckland's letter to Mr. Tayler, dated 20th May, *see* page 40A of printed Collection.

35. To the reports of the Commissioner of Bhaugulpore and the Judges of Bhaugulpore, Purneah, Shahabad, Tirhoot, and Behar, Mr. Tayler replied on the 15th May. His remarks on the reports of the Judges of Patna, Tirhoot, and Sarun, together with a separate paper of remarks in reply to the late Mr. Garrett's observations, were not sent in till October, though professing to bear date in June.

36. The question on which the judges were to report was, whether the collection of subscriptions for the Patna Industrial Institution by Mr. Tayler had "created any dis-"satisfaction or anxiety in the minds of the Native gentry or not."

37. Mr. Cunliffe, of Purneah, reported* that it was considered doubtful if the subscriptions were voluntary, especially in the case of the Rajah of Durbhunga, who was obliged to negotiate loans at large interest to pay his revenue to Government in the Purneah District.

38. Mr. Commissioner Yule reported† that the subscribing was not considered optional, and that he believed "that dissatisfaction had been caused in these districts "(the districts of his Division), by the manner in which subscriptions were said to be "obtained."

39. Mr. Littledale, of Shahabad, reported‡ that no dissatisfaction or alarm had come to his knowledge, nor did he believe them to exist.

40. Mr. Trotter, of Gya (Behar), reported§ that alarm and dissatisfaction certainly existed previous to the publication of the Lieutenant Governor's notice, but that it had since subsided.

41. The Honourable Robert Forbes, of Tirhoot, reported‖ there had been considerable anxiety, dissatisfaction, and excitement before the publication of the Lieutenant Governor's Proclamation, but that these feelings were allayed when that was published and understood.

42. The Judge of Sarun reported¶ that there was reason to suppose that, previous to the dissemination of the Government Proclamation, there was a prevalent belief that not to subscribe would be to incur the displeasure of the Commissioner; and this feeling created a serious degree of uneasiness, if not dissatisfaction. Also, that Mr. Tayler's proceedings were not approved by the covenanted officers of Government attached to the Zillah.

43. Mr. Farquharson, of Patna,** reported that there was loud discontent and dissatisfaction at the large amount of the sums levied, and the mode adopted to induce consent on the part of the subscribers.

44. In order to arrive at a satisfactory opinion on the point at issue, it is necessary, of course, to read the whole of the judges' letters, with their enclosures, and all Mr. Tayler's replies. Those who are interested in the question, or are obliged by public duty to enter into it, will of course do this, and will arrive at such conclusions as they may think fairly deducible from the papers before them. I have done this, and I am entirely satisfied that Mr. Tayler's proceedings in regard to these collections, while they were distinguished by great unfairness and insincerity towards me, were also marked by serious indiscretion as regards the people, and were abundantly fitted to cause, and did cause, alarm, anxiety, and discontent in the minds of the Native gentry of the Province of Behar.

45. Acting on this conviction, and finding also that there was no probability that the scheme of the Industrial Institution, even if practicable on Mr. Tayler's developed scale, could be carried out without a much larger expenditure than I was able to recommend, I adopted the advice of the present Commissioner, and closed the concern, causing a *pro ratâ* repayment to subscribers of the balance of subscriptions in the Treasury, amounting to *Rs.* 57,048. 1 *a.* 7 *p.*

46. This is the whole of the case of the Industrial School, as far as it concerns me to enter into it for the purpose of replying to Mr. Tayler's pamphlet. Mr. Tayler has, however, in several of his letters printed in the Collection, darkened and confused the case by long dissertations on the previously approved practice of Government officers regarding Native subscriptions, which does not, as I view the matter, affect in the least the real question which was at issue before me.

47. I have, for my own part, a clear and distinct opinion as to the course which the Government ought to follow in the encouragement of public beneficence on the part of its wealthy Native subjects, which, to be meritorious, should surely be spontaneous, and neither forced by urgent solicitation, nor bargained for by promises of titles. I have always deemed it my duty to acknowledge readily and handsomely all instances of free public beneficence; nor have I hesitated, on the occasion of public assemblies, or other

* Page 169 of the Collection.
† Page 170 of the Collection.
‡ Page 171 of the Collection.
§ Page 174 of the Collection.
‖ Page 177 and 31A of the Collection.
¶ Page 193 of the Collection.
** Page 1A of the Collection.

other suitable seasons, to inculcate openly the duties belonging to wealth and station, and to commend, in the hearing of their neighbours and dependents, the known merits of good landlords and good citizens. It has been my object, in the selection of wealthy Natives for honours, titles, or special marks of consideration, to prefer those who have distinguished themselves by liberality and public spirit, as well as by humanity and fairness towards their tenantry and ryots; and to this end I have made it my business to ascertain in the different districts the names and characters of all deserving zemindars. My conduct in this respect can assuredly, by no fair interpretation, be made to bear the smallest appearance of inconsistency. But it is, of course, very possible to give it an unfair interpretation. For instance, in May 1856, Mr. Tayler, writing confidentially, as every Commissioner is bound to do on such a subject, informs me that Baboo Modenarain Rai (since deceased) is anxious for a title. I reply in the same tone of confidence by asking what public service the Baboo has ever done. This Mr. Tayler does not scruple to call "*a hint*,"* and accordingly quotes it as his authority for telling the Baboo, more than a year afterwards, that he would assist him to a title, if he would subscribe largely to the Industrial Institution! At the close of the letter (of the 30th March 1857),† in which this notable fact is related by Mr. Tayler himself, he adds, for the same obvious purpose of impugning my consistency, "The Lieutenant Governor will probably remember that "the Shewhur Baboo's application for a title was rejected on the ground that he "had not rendered assistance in the work of enlightenment and education." This, however, turns out to be something more than mere unfairness of interpretation. For the truth is, that the Baboo's request was rejected on Mr. Tayler's own report that he was not the son of the late Rajah, and that "neither the circumstances nor the character "of the individual were such as to afford any reasonable ground of expectation that he "will prove himself deserving of the distinction he desires."‡ There is not a word about "assistance in the work of enlightenment and education" either in the reasons assigned by Mr. Tayler for not recommending the title or in those declared by the Government for not giving it.

48. It may be readily conceded to Mr. Tayler that the exhibition on the part of Government and its officers, of a steady preference for honours and distinctions of public benefactors rather than others is, *in a certain sense*, an offering of inducements to liberality and a suggestion of motives other than those of pure beneficence. But the difference between this method of influencing the public spirit of our zemindars and the method of actual previous solicitation must be obvious to all, and constitutes in fact the whole distinction between a legitimate use of official influence and an unfair straining of that influence.

It may be conceded, also, that even under the fairest exertion of personal or official influence, cases will arise requiring tact and delicacy, and susceptible of different and doubtful interpretations, according to the difference of views entertained as to the right conduct to be followed on such occasions. For the opinions of official men have undoubtedly differed to some extent upon these points; and though all have agreed that there is a line to be drawn so as to separate the use of official influence from its abuse, there has not been an universal consent as to the precise place at which that line should be drawn, although there has seldom been any difference of opinion, in cases where a man has been found very much on one side of the line, or very much on the other.

49. It is nothing, therefore, for Mr. Tayler to contend that, according to a fair interpretation of precedents, he is blameless for the legitimate employment of his official influence, because, in fact, nobody has blamed him for this. The question in discussion has always been, whether Mr. Tayler's employment of his official influence had been legitimate or not; whether, in short, he was or was not so clearly on the wrong side of the line as to give just cause for alarm and dissatisfaction, and to be liable to grave censure on that account. And when we find him, not only canvassing native gentlemen himself, but sending out three Mahomedan delegates, two of them his own official subordinates, with authority to persuade all who had the means to come forward in aid of his scheme,§ we can have no rational doubt of his position on the wrong side of the line in question; still less so, when we find him directly soliciting Baboo Modenarain for money, and promising to forward his wishes for a title if he would subscribe largely to the Industrial Institution; or suppressing written evidence of dissatisfaction and retractation, as in the instance of Mr. Forbes and of the Raja of Durbhunga. Whatever Mr. Tayler may have thought of the rule, these cases were assuredly beyond it. Wherever he would have placed the line of distinction, he, unquestionably, was very far on the side of abuse, and fully exposed to condemnation for that part of his conduct.

50. Considering, indeed, the highly trusted and confidential position in relation to the Government, which is held by a divisional Commissioner, it will not be thought strange that

* Page 54A of the printed Collection.
† Page 74 of the printed Collection.
‡ *See* the dates of all the correspondence given in page 76 of the printed Collection.
§ This is affirmed by Mr. Farquharson, and not denied by Mr. Tayler in his commentary on Mr. Farquharson's report.

that I should have now begun to wish for a more reliable person than Mr. Tayler in the important Commissionership of the Patna Division. But Mr. Tayler thinks it necessary to assign other and very different reasons for this wish in the following passages quoted from pages 5 and 6 of his pamphlet:—

"Some months ago he was desirous of removing me from the Patna to the Burdwan Commissionership, and had actually made arrangements for so doing. The object of this was, I believe, to save his brother-in-law, the leader of the cabal against me, from the consequences of a scandalous letter which that gentleman had written, in which he served up, without stint or measure, all the calumnies, idle gossip, and malicious reports that he and his followers had succeeded in accumulating.

"The manifest malice and the manifest falsehood of these wretched tales placed Mr. Garrett and Mr. Halliday in an embarrassing position, and, had not a higher hand than that of an earthly Governor removed the former from the scene, I have little doubt that I should have been made the scapegoat at all hazards.

"As it was, the moment I heard of the premeditated transfer, I wrote to the Home Secretary of the Government of India, begging I might be removed *at once*, or else that the report might be authoritatively contradicted, as I was not disposed to enter upon the serious responsibilities of so grave a crisis with a weakened prestige, and the threat of removal suspended over me.

"The answer was that the idea had been *abandoned*, that it would be mischievous to remove high officers at such a crisis, and *in my case especially so*. I remained to bear the heat and burden of the day, to *save Patna*, and *then* to be *dismissed!*

"Thus prevented, against his inclination, from doing me at any time the injury he meditated, for an *injury*, and a serious one, he knew it would be, Mr. Halliday's subsequent treatment of me has shown how ill this compulsory reprieve was tolerated by him, and how little, in fact, he had abandoned his purpose."

51. The whole of this statement is contrary to fact.

52. It certainly could be no reason for removing Mr. Tayler from Patna to Burdwan, early in June,* that I was aware that the late Mr. Garrett had written what Mr. Tayler chooses to call a "scandalous letter" regarding him. For Mr. Tayler has all along accused me of believing these scandals, *i.e.*, of not considering them to be scandals at all, and even supposing, as perhaps Mr. Tayler does suppose, that this belief of mine must necessarily have been dissipated by his reply to Mr. Garrett, yet that reply, though dated in June, was not sent in till long after Mr. Garrett's death, not, in fact, until October 1857, two months after Mr. Tayler had been removed from the Commissionership, and four months after the transaction in June, of which it is suggested as the cause.

53. Neither could the mere exchange of Mr. Tayler from one office to another of equal profit and position have, by any possibility, saved Mr. Garrett from any consequences of a scandalous letter, if he had been proved to have written such. For any such scandalous letter would assuredly have been attacked and exposed by Mr. Tayler, to the utmost of his ability, just as much at Burdwan as at Patna, and with just as complete an effect.

54. Nor even supposing that Mr. Tayler had in his reply conclusively proved "malice and falsehood" in Mr. Garrett's representations, could that proof, coming in October, have "placed Mr. Garrett and Mr. Halliday in an embarrassing position" in June.

55. In short, the entire story is unreal, nor is it necessary to seek any other reason for my having desired, early in June, to have some other officer than Mr. Tayler at Patna, beyond that which is to be found in Mr. Tayler's own conduct regarding the Industrial School subscriptions, wherein it was plainly shown that he was an officer on whom it was unsafe to rely.

56. The purport of that part of the story in Mr. Tayler's pamphlet, which mentions a correspondence with "the Home Secretary of the Government of India"† is obviously to show that I was compulsorily prevented from removing Mr. Tayler to Burdwan in June by the interposition of the Governor General in Council, whereby it comes to be unavoidably inferred that Mr. Tayler's proposed removal was disapproved by the Governor General in Council. And as the narrative is designedly so framed as to lead to that understanding, I suppose Mr. Tayler has contrived to believe it himself.

57. The matter is a very small one, yet as part of a string of misrepresentations, all avowedly put forth for the purpose of depreciating my character, I am constrained to notice it among the rest, and to say that the fact was not as the pamphlet purports to describe it, nor, looking to the correspondence which actually took place on the subject between

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* It was in June that I contemplated exchanging Mr. Tayler to Burdwan. Mr. Tayler heard of it immediately, and his correspondence with Mr. Beadon regarding it took place, as will be seen, in that month.

† Page 6 of the Pamphlet.

between Mr. Tayelr and Mr. Beadon, is it intelligible how Mr. Tayler could have to come to believe in the representation he has made.*

58. I have now dealt with all that Mr. Tayler has had to say in support of his second allegation,† and dismissing it as refuted, I may pass now to the third topic,‡ pausing merely to observe that there is not the shadow of a pretence in any part of the correspondence for the statement in page 6 of the pamphlet that Mr. Tayler was "assailed "by invitation of the Lieutenant Governor" (which is Mr. Tayler's method of representing the unavoidable reference to the Judges for inquiry and report), or for the assertion that the magistrate was "encouraged to oppose his views and thwart his "orders." The rest of the paragraph, in which these two mis-statements occur, professes to represent Mr. Tayler's "position at the outset of the insurrection," and has been shown to be entirely without foundation.

59. Mr. Tayler then advances from the history of the Industrial Institution to what he calls the saving of Patna; and at pages 7 and 8 he gives a rapid and extremely exaggerated account of the position of affairs there in June 1857, the difficulties he had to encounter, and the measures which he considers to have been "crowned with complete "success."

60. It is at present no part of my business to investigate the real merits of Mr. Tayler's proceedings on the occasion in question,—all I have now to deal with being the accuracy or inaccuracy of his statements regarding myself. And it is the less necessary to touch upon this part of the subject, because the extreme shallowness of Mr. Tayler's pretensions under this head has been thoroughly and unanswerably detected and exposed by Mr. Samuells in paragraphs 60 to 73 of his letter of the 29th January last, printed at the end of the collection of papers regarding Mr. Tayler's removal.

61. Limiting myself, then, to the immediate purpose of this paper, I have in this place to inquire upon what grounds Mr. Tayler has made the following assertion:—

"I affirm that, in several instances, of more or less importance, recommendations made by me were either disregarded or disapproved, with no good or sufficient reason, to the manifest detriment of the public service, and the imminent danger of the whole province, that the dangers which existed, and which subsequent events *proved to be real*, were *slighted and ignored by Mr. Halliday, in opposition to reason, fact, and evidence.*"

62. Having made this statement, I find that Mr. Tayler proceeds to illustrate it in the following manner:—

63. He asserts§ that if he had been allowed to raise "a local force for future purposes" great and incalculable service must have been done by it, and much mischief prevented, but that I prevented him from asking the zemindars for assistance towards raising such a force merely to preserve my own consistency, and Mr. Tayler was therefore obliged to give up the plan, and the public good was thus sacrificed in order to support an illusory and unfortunate proclamation.

64. To this, I answer that it is quite true that Mr. Tayler was prohibited from asking the zemindars to raise men at their expense for the public service; nor will it be thought surprising, after the specimen I had seen of his proceedings, that I should have objected to let him loose a second time among the Behar zemindars to canvass them for subscriptions.

65. But, whatever may be thought of this, it is quite certain that Mr. Tayler was not thereby prevented from raising a local force if he had chosen to do so, because such bodies were raised by other civil officers, and, to a certain extent by himself, without making any calls for assistance on the zemindars. He was, in fact, encouraged and directed to raise such a force, and might undoubtedly have done so if he had thought fit. Nor did it follow that the zemindars would not assist unless asked; because the Rajahs of Bettiah and Hutwah did actually raise forces and guarded the ghauts to good effect, besides similar service on a smaller scale by other zemindars.

66. So

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* On the 17th June Mr. Tayler wrote privately to Mr. Beadon, that he had heard he was to be changed to Burdwan; complained much of it, and asked Mr. Beadon to get it "settled," either "openly" or "in "some other way." He told Mr. Beadon to deal with his letter as he might think best. Mr. Beadon sent me the letter for perusal, without any remark. I returned it on the 21st June, with these words,—"I "don't think it possible for him to *remain* at Patna. But it would not do to change him *just now*." This was, of course, in allusion to the altered circumstances at Patna in consequence of the mutinies. This was, I presume, communicated to Mr. Tayler, and is the authority on which he has introduced the Government of India into his narrative, and my being prevented from removing him against my inclination, and his compulsory reprieve, and so on.

† *Vide supra*, para. 3.

‡ That previous to Mr. Tayler's removal, I had been guilty of great and dangerous errors connected with Mr. Tayler's measures and the safety of Patna, which were very embarrassing to Mr. Tayler, and obliged him to act on his own responsibility in opposition to my views, to the manifest detriment of the public service and hazard of the whole Province saved from ruin on by Mr. Taylet's wisdom and promptitude.

§ Pages 9 and 10.

66. So that, although it was a thing to be regretted that Mr. Tayler, by his previous improprieties of conduct should have weakened his means of useful influence with the zemindars of his division, and rendered me distrustful of his communications with them, it is manifestly not the fact that the prohibition to canvass the zemindars for aid was necessarily productive of any such evil consequences as Mr. Tayler describes in his pamphlet. And nothing further need be said as to this first instance in proof of Mr. Tayler's assertion, at pages 8 and 9, regarding detriment to the public service.

67. The next proof of detriment arising from errors is the case of the 5th Irregular Cavalry, as follows:—

"The next instance I shall mention of disregard to my recommendations, followed by serious consequences, is with respect to the 5th Cavalry.

"I wrote demi-officially to the Lieutenant Governor, telling him I *knew* that the 5th Cavalry were in a state of mutiny, prepared to rise when opportunity suited them, begged that they might be disarmed without delay, and offered if intimation were sent to me, to have the detachments at Churpah and Dinapore knocked off their horses at the same time.

"The answer was that some other officers *trusted* them, and Government could not afford to lose anything in the shape of cavalry until their *absence* was *proved* to be preferable to their *presence!—as if such proof is ever given until the remedy is too late.**

"Shortly afterwards the 5th Cavalry rose, attacked Gya, defeated the Seikhs under Captain Rattray, dashed into the town, liberated the prisoners, subsequently ravaged the district, and went off in triumph to join Kooer Singh.

"Common judgment and decision, especially after the information I gave, might have obviated all these disastrous consequences."

68. To this, stated as an instance of evil occasioned by my fault, it is a conclusive answer to say, that the whole question of the disarming of the 5th Cavalry was, as might have been expected from first to last, in the hands of the Commander in Chief, in direct communication with the Government of India, and in correspondence with the Commanding Officer at Bhaugulpore, and that I had nothing whatever to do with it.

69. And if it be said that Mr. Tayler did not know this, I reply that he might at all events have known it before he wrote his pamphlet, and ought to have made himself acquainted with the facts before attempting to found upon them an attack on my public conduct, and an imputation of gross dereliction of duty on my part which in truth never occurred.

70. But supposing I had been able, as Mr. Tayler assumes, to cause, if I had chosen, the disarming of the 5th Cavalry, the facts would still prove to have been misrepresented by Mr. Tayler.

71. The demi-official letter he quotes from, at page 10 of his pamphlet, was dated 11th July. It was addressed to Mr. Secretary Young, and was by him submitted to me for my orders. My orders, written on the face of the letter, were dated 15th July in these words. (It will be remembered that, excepting two insignificant detachments, the cavalry in question were not in Mr. Tayler's division, but in that of Mr. Yule, an officer of tried judgment, vigilance, and capacity, and they were chiefly at Mr. Yule's own station):—

"Tell him in reply to communicate with Yule regarding the 5th.

"Yule has no belief in the rumours against the 5th.

"But at all events to communicate with Yule before making a public communication on this subject."

72. I have no reason to doubt that this was substantially communicated to Mr. Tayler by Mr. Young, and, on the other hand, I have not been able to ascertain that this perfectly reasonable and unobjectionable order of mine, given just one month before the regiment mutinied,† was ever obeyed by Mr. Tayler; certainly, if he did consult or communicate with Mr. Yule, he made no public communication on the subject; and if, after consulting with Mr. Yule, he had still been of the same opinion as before, as to the necessity of the measure he had suggested, there was ample time for him to have done so before the mutiny broke out.

73. I will merely add, in order to show how Mr. Tayler has mis-stated every part of this case, that on the 30th July orders were actually issued (by telegraph) by his Excellency the Commander in Chief to the officer commanding at Bhaugulpore to disarm and dismount the 5th Cavalry, but were recalled by the same authority in consequence of a strong remonstrance against them by Mr. Yule.

74. Mr. Yule's reasons were stated with his accustomed force and precision, and are on record to be judged of by the Honourable Court at the fit time; but whatever opinion may be given regarding them, there can never be any question that Mr. Tayler has

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* The *italics* are Mr. Tayler's.

† Mr. Tayler's expression is, "shortly afterwards the 5th Cavalry rose." The real interval was as stated in the text. The regiment mutinied on the 14th August.

has utterly failed to connect me with any of the mischiefs arising out of the mutiny of the 5th Irregular Cavalry, and that his attempt to do so is only another instance of complete misrepresentation.

75. Mr. Tayler's third instance of hazard of public detriment incurred by my "slighting or ignoring" his suggestions, is stated by him to be a "still more serious "instance of wrong judgment" than the two which have just been disposed of. It amounted, he says, "almost to infatuation,—a judgment, indeed, so *mischievously wrong* "*that had I not entirely set it aside, and acted in direct opposition to the view which Mr.* "*Halliday entertained, Patna, if not the whole province, would have been ruined.*"*
Let us see in what this consisted, and how the case is made out.

76. The statement is too long to be extracted, but it may be read at pages 11 to 14 of the pamphlet; and will be found to imply obviously and intentionally the following meaning:—
That on the 7th of June Mr. Tayler had authoritative intimation of an intended mutiny of the regiments at Dinapore, and an expected disturbance at Patna; and that important measures were thereupon taken by him to meet the emergency.
That "*then it was* that he determined to adopt a series of coercive measures, on his own "sole responsibility, without the permission or knowledge of Mr. Halliday."
That the reason why this was so done was because Mr. Halliday, "in the full light "of the fact known to every man, woman, and child in Behar, that a mutiny had "been planned on the 7th of June and only accidentally averted," did nevertheless write that he could not satisfy himself that Patna was in any danger, and that it was inconceivable that the Native regiments should mutiny in the face of the European troops.
That the evil of this declaration was not in "its extraordinary want of knowledge and "foresight" only, but in its effect on Mr. Tayler's measures.
That had he adopted Mr. Halliday's veiws there would have been a dreadful tragedy at Patna.
That the safety of Patna "*was secured by the measures taken by me* (Mr. Tayler) *in* "*opposition to Mr. Halliday's views.*†"
And lastly, that though Mr. Tayler cannot divine whether the omission, by the Governor General in Council, to disarm the Dinapore regiments was in any respect caused by Mr. Halliday's wrong view in this matter, yet when the dreadful results of the mutiny of those regiments are considered, then they will be appreciated as the results of Mr. Halliday's views. The confusion of logic is in this last place so startling that I must in my own defence quote Mr. Tayler's own words. If they do not mean what I suppose, they mean nothing.
"How far this strange disregard of reason and experience affected the councils of the Empire, and prevented the Governor General from issuing decided instructions for disarming the Dinapore regiments, I cannot divine. But when the fearful results of that triumphant mutiny are considered, the ravages, the loss of life, the disorganisation of the country, the slaughter of brave troops, the death of our countrymen—when these things are pondered, *then* the importance of this question will be duly seen, and the grounds and consequences of Mr. Halliday's dictum be duly appreciated."

77. When Mr. Tayler says that he secured the safety of Patna by taking measures on his own responsibility in opposition to my views, he does not mean that I suggested one kind of measures and he adopted another, or that he adopted measures of which I had already disapproved. It is true that this is the meaning of the expressions he employs, and that those expressions would assuredly be so interpreted by nineteen-twentieths of his readers. Yet Mr. Tayler certainly cannot mean what he might seem to say, because he has elsewhere stated that he suggested no measures for my approval or disapproval, but adopted them without my knowledge. And he has nowhere said, what indeed he could not say consistently with fact, that any measures were suggested to him by me contrary or opposed to those he adopted.

78. What Mr. Tayler then does mean to say, can only be this—that whereas I at one time thought Patna in no danger, and he at the same time thought it in great danger, therefore the measures which he took at that time to avert the danger were different from those which I at the same time was likely to have recommended (but did not).

79. This statement differs exceedingly from that which by ordinary interpretation would seem to have been implied in Mr. Tayler's words, it being of course one thing to act in opposition to measures actually suggested, and quite another thing to act in opposition to measures which the actor thinks might have been suggested (but were not), and the latter is what Mr. Tayler means to say he did, and not the former.

80. But even this modified statement is wholly illusory, as may easily be seen on appeal to facts and dates, to which Mr. Tayler is imprudently inattentive.

81. On the 24th May, Mr. Tayler wrote to me a letter containing the following paragraphs:—

"All

* Page 11 of the Pamphlet. The *italics* are Mr. Tayler's.
† The *italics* are Mr. Tayler's.

"All remains quiet, and the only thing that ever was to be apprehended, viz., a dash from the Sepoys,* becomes more and more improbable every hour.

"In the town and among the people here (Patna) there has never been a symptom of disloyalty or disaffection."

On the 30th May he wrote:—

"All is quiet. The Dinapore troops in excellent order."

On the 6th June:—†

"At the same time there can be no doubt that many people entertain apprehensions of some rising or disturbance in the town of Patna. I myself do not apprehend anything of the kind, and I am in constant communication with those who are best informed of the state of feeling amongst the people."

82. The above was on the 6th June. It was on the next day, Mr. Tayler tells us in his pamphlet,‡ that a rise of the Dinapore regiments was planned; disturbance was expected, all the Christians were assembled at his house, preparations for defence were made, and "*then it was*" that he resolved on certain measures to be taken in opposition to my views, about which it will be hereafter perceived he then knew nothing.

On that very day (7th June) Mr. Tayler wrote to me again.

Did he tell me of what is now narrated in his pamphlet? Not a word. These are his expressions, which, as compared with the statements at page 11 of the pamphlet, cannot, even after some experience of Mr. Tayler's habitual inaccuracy, be read without astonishment:—

"All remains quiet. Much gossip and some little intrigue in the city. That the Mahomedans are on the *qui vive* there can be no doubt, and if there were to be a mutiny at Dinapore,§ we should have something to do."

83. On the day following, 8th June, he announced the following vague truism, which was assuredly no correction of the favourable reports he had continued to send to me up to that time:—

"Though the Dinapore regiments have not yet broken out, they may at any moment."

84. Now, it was in answer to the letters of the 7th and 8th of June, and after perusal of those of the 24th and 30th May and 6th June, that I, on the 13th June, wrote to Mr. Tayler the sentence quoted and italicised in page 12 of his pamphlet, which turns out to have been a mere echo of his own statements, and to have been an opinion exactly similar to his own, and formed upon his own representation of the facts, which was all I had to guide me. And it is upon this, and this alone, that Mr. Tayler has founded the whole of this violent attack, and upon which alone depends the value or the worthlessness of the allegations so strongly insisted upon against me of having "ignored danger in opposition to reason, fact, and evidence," and of having evinced a judgment so "mischievously wrong" as, if Mr. Taylor had not interposed, to have hazarded the security of a Province, if indeed it did not, as he confusedly insinuates, cause in some mysterious way the mutiny of the Dinapore regiments and all the slaughter and ravages arising therefrom!

85. Mr. Tayler may say, and indeed does say, that though the view which he entertained up to the 6th of June was the same as mine‖ (it was, in fact, the cause and foundation of my opinion), he changed it afterwards.

86. If so, why did he not tell me of it? Having led me wrong up to that date, he was surely bound to set me right without delay when he had found out his own mistake.

87. He says he changed his mind after the 6th. If he had told me this in his letters of the 7th and 8th, my letter of the 13th, which was written in answer to those letters, on which he founds all his vituperation, would certainly never have been penned. This he was quite aware of, for he says in his letter of 24th July,¶ with reference to this very subject, "I never for a moment thought that the Lieutenant Governor would withhold "his support and sanction to my measures, when fully convinced of the grounds on which "they were adopted." Why, then, did he not inform me regarding them? There was plenty

* By "Sepoys" Mr. Tayler certainly meant the Dinapore Sepoys, and this shows it to have been his opinion that there was no danger of disturbance in Patna unless the Dinapore Sepoys should rise, an opinion which, when it was afterwards repeated by me, on his authority, Mr. Tayler called (page 13 of the Pamphlet) "this extraordinary opinion."

† Page 81 of Collection of Papers.

‡ Page 11.

§ Again showing that Mr. Tayler held the "extraordinary opinion" that disturbance at Patna was dependent on mutiny at Dinapore.

‖ I know not if Mr. Tayler intends to lay any particular stress on my use of the word "*inconceivable.*" If so, he is welcome to find fault with it. It was not a good word to use even in a private letter, and would have been quite wrong in a public letter. "Very unlikely" would have been the more correct expression.

After all, however, my meaning was obvious, and not likely to be misunderstood. Moreover, it did not express more than was in Mr. Tayler's own mind, for he says, speaking of this very expression in his letters of 24th and 25th July (pages 37 and 82 of the printed Collection), that prior to the 7th June he "entertained opinions similar to those of the Lieutenant Governor."

¶ Page 37 of the Collection of Papers regarding Mr. Tayler's removal.

plenty of time for it. For although the matter is so represented in Mr. Tayler's pamphlet as to make it appear that his "measures" were resolved upon on the spur of the moment—on the 7th June—as soon as he heard of the intended disturbance, it is nevertheless the fact that he did nothing till the 20th June;* and he could easily have received from me an answer before that time, if he had thought fit to inform me of his changed opinions, and convince me, by a sufficient statement, of the fitness of his proposed measures.

88. So that all Mr. Tayler has written about the effect of my† opinion on his measures, and the sad consequences which would have followed if he had folded his hands according to my views, and all about the tragedy at Patna being prevented by his acting in opposition to my views, and a great deal more of the same kind contained in his pamphlet, is absolutely without any kind of foundation.

89. Of the same worthless character is the statement (repeated in the subsequent pamphlet called "Addenda") that "Mr. Halliday, writing in the full light of the fact known to "every man, woman, and child in Behar, that a mutiny had been planned on the 7th June, "and only accidentally averted," said that he did not think Patna in danger. For it is now manifest, and might have been remembered by Mr. Tayler if he had any care for accuracy, that when I wrote the above opinion I was so far from being in the "full-light" of the fact referred to, that I was in utter ignorance of it, by reason of the misconduct of Mr. Tayler himself, who, though in daily correspondence with me at the very time, had wilfully and carefully concealed from me his change of opinion, the facts on which it was founded, and the measures he proposed to adopt in consequence of that change.

90. Thus the whole of this "serious instance," so much relied on by Mr. Tayler, comes (when stated in the fewest words) to this undeniable result, that Mr. Tayler concealed from me what he was bound to report, and then reproached me in the most indecent manner for not knowing it!

91. I may now proceed to Mr. Tayler's fourth instance of "recommendations (made by "him) slighted or ignored by me to the imminent danger of the whole Province." And the case he now produces is that of Kooer Singh, introducing it as "no unimportant or "trivial matter."

92. For the manner of narrating this, which has all Mr. Tayler's peculiarities of off-handed and inconsiderate misrepresentation, I would refer to the pamphlet itself.‡ The essence of the tale thus told may be accurately condensed as follows:

93. Kooer Singh's estates were under the management of the Government for the liquidation of his debts, he having undertaken to obtain a loan for the purpose, about which he was busily, but not yet quite successfully engaged, when "suddenly, *about a "month before the Dinapore mutiny*," the Board of Revenue caused the Commissioner to insist on his procuring the loan in a month, or they would recommend Government to drop his affairs.

94. Mr. Tayler was obliged to tell this to Kooer Singh, but he "*lost no time*" in writing to the Lieutenant Governor to beg his interposition in favour of Kooer Singh.

"In reply to this," says Mr. Tayler, "*after some time*, a doubtful answer of the stereotype "character, came to say that inquiries would be made from the Board, &c., and the "Lieutenant Governor would see what could be done," or words to that effect.

95. Thus, instead of prompt action, in presence of danger pointed out, and at a critical time, a dilatory routine was followed, and therefore, as might be expected, "ten days "afterwards Kooer Singh was at the head of 10,000 rebels."

96. These statements are entirely opposed to fact.

97. Not "about a month before the Dinapore mutiny, when, as all knew, Kooer Singh "was being anxiously sought for by the Dinapore sepoys," but on the 6th May, before even the first outbreak of mutiny at Meerut, and when not the most far-sighted had a dream of mutiny at Dinapore, still less of Kooer Singh being sought for as a leader, the Board wrote the letter to Mr. Tayler to which he now alludes as "ill-timed," and likely to make Kooer Singh "altogether desperate."

98. Mr. Tayler received it on the 11th May, two months and 14 days before the mutiny at Dinapore, and mischievous as he says he considered it, he nevertheless made no sort of remonstrance about it, either to the Board or to the Government, for more than two months. Meantime, he sent a copy of it to Kooer Singh, and received Kooer Singh's answer on the 8th of June. Although this was the exact time when, as he tells us on page 11 of his pamphlet, his eyes had opened to the likelihood of mutiny by the Dinapore sepoys, and he was revolving in his mind the measures for the safety of

* Page 20 of the printed Collection regarding Mr. Tayler's removal,—"This morning, the 20th, the first "move was made," &c.

† Page 13 of the Pamphlet.

‡ Page 14.

of Patna, he was so far from taking that prompt action in the matter, for the want of which he now reproaches the Government, that he kept Kooer Singh's reply quietly by him till the 30th, and then sent it down to the Board with a very tame letter* from himself, in which he said not a word about the "ill-timed" and very dangerous nature of the Board's communication, or of his firm conviction of the "dangers of routine and "delay at such a crisis in a matter of the utmost urgency," or of "the remorse likely to "arise from having added one inducement to his revolt," or anything else of the deep matters which, if his present statement have any sort of reality, he must at that time have been anxiously musing upon for more than a month.

99. Mr. Tayler says, however, that he "lost no time" in writing to the Lieutenant Governor on the subject of the "ill-timed" order of the Board; but this, I am sorry to say, is as inaccurate as the rest of the story. He did, indeed, write to me, but it was not till nearly three weeks after he had answered the Board's letter, and, therefore, within a day or two of ten weeks after he had received that important missive, and just one week before the Dinapore mutiny actually occurred. He wrote to Mr. Secretary Young, on the 18th July, the letter quoted in the margin, to which, "after some time," he says, "came the fatal answer which "caused all the mischief," and then, "*ten days afterwards*" (*i.e.*, after the receipt of the letter which came "after some time"), "Kooer Singh was at the *head* of 10,000 *rebels*."

"My dear Young, July 18th.

"I don't want to put this on record, so I send it in this form for the Lieutenant Governor's perusal, and hope he will approve of the course adopted.

"It is rather unfortunate that just at this time the Board should have threatened to recommend the *withdrawal* of Government aid from the Baboo, unless the loan be obtained from *Banda*, which is now impossible, and that the Baboo should have lost his case in the Sudder Court against the people who have so robbed and bullied him.

"If anything would make the old man and his adherents *desperate*, it would be the hopelessness caused by these combined disasters, but I am positively afraid of advocating his cause as warmly and heartily as I used, because I am misunderstood and misrepresented.

"It is a serious question now, however, and *well worth* consideration, whether Government should not at once and for all agree to hold the management, let the *loan* come from *wherever* it may.

"This is all that is necessary, and if it could now be done without it being for a moment supposed that the kindness has any *connection* with fear, it would be a wise and politic stroke. Wake is strongly impressed with the belief that the Baboo means mischief; others believe it too; he *could* do much, no doubt, and the 40th Regiment would follow next, to be followed by the others.

"Pray lay this before the Lieutenant Governor for consideration.

"Yours sincerely,
"*W. Tayler.*"

100. Now it takes in the rainy season four days for a letter to come here from Patna, and four days to return. Mr. Tayler's letter of the 18th reached Calcutta on the 21st July, and if the answer had been sent immediately, as I believe it was, it could not have reached him till the 24th. On the 25th the Dinapore regiments mutinied, in concert, as it has since appeared, with Kooer Singh. They went straight to Arrah (only 30 miles off), and there Kooer Singh at once put himself at their head. If this correspondence had any connection with the rebellion of Kooer Singh, was it the fault of the Lieutenant Governor, who answered a tardily-written letter in the only way it could be answered† the moment he received it, or that of Mr. Tayler, who being, by his own statement, overwhelmingly impressed with the urgency of the crisis, the importance of the case, and the danger of delay, kept the matter pent up within his breast for no less than 68 days,‡ and then represented his views to the Government exactly when it was impossible that any answer could arrive in time to do any good.

101. "Thus," says Mr. Tayler, at page 15 of his pamphlet, commenting on these transactions, "in a matter of the utmost urgency, and at a most critical time, notwith-"standing that I, the Commissioner of the Division, had pointed out the danger, the same "routine course of dilatory procedure was to be pursued as when there was neither danger "nor crisis at all!"

102. But if Mr. Tayler, whether on the 11th May or on the 8th June, really thought Kooer Singh so dangerous and nearly desperate a character, "known by all" to be the sought-for leader of the Dinapore sepoys, how was it that he not only shrouded this opinion in the profoundest secrecy, but even took pains to express quite different sentiments regarding him, not only before and up to, but even *after* his declared rebellion?

103. In a letter dated Patna, 14th June 1857, addressed to the Secretary to Government

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* From the Commissioner of Revenue, Patna Division, to the Secretary to the Board of Revenue.

Sir, Fort William, dated 30th June 1857.

In reply to your letter, No. 106, of the 6th instant,* I have the honour to forward, in original, a letter, dated the 22nd May last, from the Collector of Shahabad, with its enclosures (English and vernacular), for the favourable consideration of the Board, and to recommend that the present arrangements be allowed to remain undisturbed, under the circumstances represented by the Baboo Kooer Singh.

I have, &c.
(signed) *W. Tayler*, Commissioner of Revenue.

* [A mistake for "*ultimo.*"]

† Mr. Tayler's letter complained of certain orders of the Board. My endorsement thereon, no doubt, duly acted upon and communicated to Mr. Tayler, was,—"Approve his measures; ask the Board to send "up all their recent correspondence on this subject in original." This was dated 21st June.

What else could I have said or done? Was I, on Mr. Tayler's statement, to interfere with the Board without even looking to see if he had correctly represented what they had done?

‡ From 11th May to 18th July.

ment* (more than a month after he had received the peremptory order from the Board, and when the time was really critical), he writes, paragraphs 9 and 10:—

"Many people have sent me letters imputing disloyalty and disaffection to several of the zemindars, especially Baboo Kooer Singh.

"My personal friendship for him, and the attachment he has always shown me, enables me confidently to contradict the report."

104. Again, on the 23rd of July, five days after the private letter to Mr. Young, which has been commented on above, he writes officially:—†

"Letters, anonymous and authenticated, have frequently reached me, charging Baboo Kooer Singh with disaffection and conspiracy, and some have cast the same imputation on the Rajah of Doomraon.

"The magistrate himself entertained apprehensions that the former was in communication with the sepoys at Dinapore, especially with the 40th Regiment, and that it was not improbable he would lead or encourage a rising in the district.

"I never have been able to participate in these apprehensions; my own knowledge of the Baboo's honourable and straightforward character, of his loyalty to towards the State, and his feelings of personal friendship for myself (a friendship which, unlike most natives, he never professes when he does not feel it), forbad the supposition; and although, in the present eventful days, the wisest calculations have been baffled, and the firmest confidence betrayed, so that no absolute trust can be placed on any but Christians, I am strongly confident of Kooer Singh's fealty and good faith."

105. On the 26th July,‡ the day *after* the mutiny at Dinapore, in reply to a letter from Major General Lloyd, telling him that he had been informed that Kooer Singh, of Jugdishpore, was coming at the head of the Dinapore mutineers, and from 10,000 to 20,000 Bhojpborias besides, Mr. Tayler replies,—

"With reference to your remarks regarding Kooer Singh advancing with 10,000 or 20,000 men, I think it my duty, without loss of time, to inform you that, although it might be unwise at the present moment to express *confident trust* in any Native, I do not believe that Kooer Singh meditates any such adventure; but have, on the contrary, reason to hope that he will come down to stay at Patna, and thereby prove his loyalty."

106. Again July 28th, when Kooer Singh was in actual rebellion, though yet unknown to Mr. Tayler, he writes to General Lloyd:—

"It is impossible, I have always said, to trust *any body* at the present time. Kooer Singh may, in spite of himself, be compelled to join, and he *may*, of course, be tempted by the successes of the rebels."§

107. Lastly, in a letter as late as July 30th, to Mr. Young, when there was no longer any doubt that Kooer Singh was "at the head of 10,000 rebels" at Arrah, he says "Kooer Singh was with them by compulsion, I suspect." And again, "Kooer Singh "had evidently made no *preparations*, and, I have little doubt, has been forced into the "thing."‖

108. So that officially and demi-officially, as late as the 30th July, nay even up to the 4th August,¶ he still expresses his conviction that if Kooer Singh has joined the mutiny at all, he has been forced into it, not by the Board of Revenue or the Lieutenant Governor, but by his own rebellious subjects.

109. And yet, in spite of all this, Mr. Tayler is bold enough to write, at page 16 of his pamphlet:—

"Had my entreaty regarding Kooer Singh been promptly acted upon, I cannot absolutely say that he would never have joined the rebels, but the Government would at all events have been spared the remorse of thinking that they had themselves added at least one inducement to his revolt."

110. Further words on this "instance" are assuredly quite uncalled for.

111. There is no need for me to trouble myself about the fifth instance, which "concerns "the magistrates of Patna."

112. It is brought forward as a proof of my slighting or ignoring Mr. Tayler's suggestions; but the simple fact is that when Mr. Tayler recommended, without any good reason, that the magistrate should be removed, his recommendation was not adopted. When, subsequently, a really good reason for it appeared, quite unconnected with that which had previously been rejected, the magistrate was removed.

113. It is nevertheless quite true that Mr. Tayler had shown the strongest and most unjustifiable

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* Page 2 of the printed Collection.
† Page 92 of the printed Collection.
‡ Printed Collection, pages 111, 112.
§ Printed Collection, page 112.
‖ Printed Collection, page 113.
¶ *See* page 153 of the printed Collection.

unjustiable bias against Mr. Lowis* who, in strict duty, had been one of the first to inform me of the excitement caused by Mr. Tayler's method of obtaining subscriptions for his Industrial Institution.

114. Having now gone through all the instances adduced to prove the third charge, and shown them to be all worthless and groundless, I come to the fourth and last charge,† regarding which it appears‡ that what Mr. Tayler meant by discreditable arrangements in page 9 was the thoroughly threadbare case of the appointment of Ameer Ali.

115. Into the political expediency or inexpediency of that appointment I am not now to enter. My reasons for it have been laid before my superiors, and have not been disapproved. The very able officer, Mr. Samuells, under whom Ameer Ali was employed, has testified to the successful results of his employment, and the zealous, useful, and meritorious nature of his services, as well as to the utter groundlessness of the clamour raised against the appointment by the press, actuated by a blind and indiscriminate hatred to Mahomedans, loyal or disloyal.

116. To that unthinking hatred, Mr. Tayler has in this pamphlet very unwisely and ungenerously lent himself, although it is notorious, and is proved indeed by many passages of his public correspondence, that there is no one officer of Government who has trusted and favoured Mahomedans more than he has, up to the very date of his removal, or who, by his own acknowledgments, has been more indebted to them for active and zealous assistance in all his measures.

117. It is, indeed, a fact which no temporary clamour will deter me from acknowledging, that, with few exceptions, our native subjects in the town and division of Patna, and generally in the Province of Behar, Mahomedan as well as Hindoo, have evinced, during the recent troubles, nothing but the most loyal attachment to our rule; and the Mahomedans in proportion to their wealth and numbers not less, but more so, than the Hindoos. Not, indeed, to acknowledge such loyalty in times like these, and still more to treat loyal and disloyal alike, and to involve all Mahomedans in one loud and common execration, although in the provinces with which Mr. Tayler was concerned they have not merely abstained from hostility against us, but have actually in many instances given us their hearty and zealous assistance, even to the sacrifice of life in our cause, would be as impolitic at it is manifestly unjust, even in the most sincere declaimer.

118. I fear, however, that I cannot acquit Mr. Tayler of having adopted this new and sudden tone of anti-Mahomedan zeal, so contrary to his known practice and principles, for the purpose of chiming in with the prevalent cry of the moment, and of representing himself, at a time of much popular error and excitement, as a martyr, at the hands of an un-English Government, to the purity and patriotism of his principles.

119. For, in order to give any consistency and coherence to the lecture upon the nature of the present revolt, and the manner in which it ought to be dealt with, with which he concludes his pamphlet, he is obliged to abandon every declaration with which he set out, and to adopt a theory regarding the cause of his removal from office quite different from that for which he at first so strongly contended. And whereas, at the commencement of his pamphlet, he undertook to prove that his removal was occasioned, not by any of the grounds publicly assigned for it, but by his "honest and straightforward remonstrance' in the matter of the Industrial Institution, he now towards the close of the pamphlet fairly gives up that reason, and announces, with much appearance of solemnity, that he was removed because of the antagonism between his policy and the policy of the Government; his policy being "to carry matters with a high hand against traitors," and "enforce "the respect and submission due to the English name," and the policy of the Government being in "direct and unmistakeable opposition to this," a "timid and patch-work pacifica-"tion," "hazardous to the safety of India and the honour of England."

120. To which I desire to reply, in the plainest and most unqualified terms, that the statement is contrary to the fact. There never has been in any part of the transactions relating to Patna any timidity or irresolution on the part of the Government, or any departure from the high-handed and determined policy required by the occasion; nor can there be found, in all the correspondence which has been printed on the subject one act, or order, or sentiment which gives, or could possibly give, any colour to Mr. Tayler's misrepresentation.

121. On the contrary, it may be seen at every page of the correspondence, that the Government was always anxious to support Mr. Tayler in his measures, so far as it could gain any knowledge of them; that it did in every possible case support, applaud, and encourage him; blamed him only for withholding information which it was his bounden duty to supply; and, finally, only removed him when, instead of meeting boldly the difficulties of the moment, he weakly and needlessly caused the abandonment of a number of important stations, and even interfered to prevent the relief of Arrah, which, so far from being succoured

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* *See* an example at page 148 and 149 *et seq.* of the Collection regarding the Industrial Institution.

† That after Mr. Taylor's removal I have lent myself to discreditable arrangements which have been very generally and justly condemned.

‡ Page 17 of the pamphlet.

succoured by the gallant Eyre and his comrades, would assuredly, if Mr. Tayler's advice had been followed, have been left, with its noble and devoted garrison, to a fate as horrible as that of Cawnpore.

122. With this simple statement of fact, I close my notice of Mr. Tayler's pamphlet. He has crowded into the latter pages a great number of assertions regarding Ameer Ali and Lootf Ali and their transactions at Patna and at Calcutta.* Of these, such as relate to Patna and are connected with himself have been amply exposed by Mr. Samuells, whose comments it is not necessary for me to repeat. With regard to those parts of the statements in question which relate to transactions in Calcutta, and are connected with myself, I shall say, shortly, that they are entirely without foundation.

123. Having now concluded my review of this very unjustifiable production, I think it necessary to make a few observations on the subject of Mr. Tayler's recent appointment to officiate as Judge of Mymensing. For, looking at the amount of mis-representation comprised in his pamphlet, of the full extent of which I was not even myself aware until I came to examine it carefully, I am bound to confess that the propriety of the appointment in question appears to me very doubtful.

When, however, I received the orders of the Supreme Government upon Mr. Tayler's appeal in the matter of his removal from Patna, it seemed to me that the concluding paragraphs of Mr. Beadon's letter scarcely left me an option as to his re-employment. In the 11th paragraph of that letter there was a clearly expressed opinion on the part of the Governor General in Council in favour of Mr. Tayler's re-employment in high office, so far as ability and previous good service were concerned, and then the following paragraph placed Mr. Tayler, as it were, at my mercy, in consequence of his personal attack upon myself. It can hardly be thought unnatural that, in such a case, I should rather feel bound by the expression favourable to Mr. Tayler's re-employment, than that I should hold myself free to refuse him employment on the special ground of his disrespect towards myself. I freely own, however, that the responsibility for the appointment must rest with me. For the Governor General in Council, though he had read Mr. Tayler's pamphlet, had not before him any explanation regarding it, and doubtless, therefore, did not perceive how greatly opposed to fact its statements really were. The matter was, nevertheless, one which admitted of some doubt, and it was one on which I could not feel assured that I was likely to be a perfectly impartial judge. But if I have erred in making the appointment, I have at all events not erred on the side of harshness and over severity.

Fred. Jas. Halliday.

Allipore, 17 March 1858.

APPENDIX E.

BRIEF NARRATIVE of Events connected with the Removal of *W. Tayler* from the Commissionership of Patna.

MY sudden and adrupt dismissal from the high post which I held at Patna, just at the time when my measures had been crowned with success, and my administration was quoted as a triumph, is an incident of such peculiar character, so unintelligible to the world, and so injurious to my reputation, that I feel myself imperatively called upon to give, at least to my friends, some explanation of the circumstances under which it has taken place.

I have already laid an appeal before the highest local tribunal, in the hope and expectation of receiving justice, but, in that appeal, I have limited myself, as is usual, to the circumstances immediately connected with the case, and have not travelled beyond the record, or attempted to illustrate the subject by the detail of past occurrences, the exposure of covert motives, or the indirect connection of collateral incidents.

Further reflection, however, on the whole subject, leads me to the conclusion that I should be wanting to myself, to my public duty, and to the many interests connected with the subject of my policy and my removal, if I failed to bring forward, unreservedly, the whole chain of circumstances, of which my summary ejection forms but the last link.

In

* 1. Ameer Ali is an attorney of low extraction, and the friend of Mr. Halliday.
2. He is connected with some of the worst characters in Patna.
3. He is the paid servant of many in the district.
4. He is the intimate friend and confidential adviser of Lootf Ali.
5. Lootf Ali is a man of notoriously bad character.
6. Two of Lootf Ali's household servants were found to have been concerned in the murder of Dr. Lyell, and hanged in consequence.
7. Ameer Ali having received large sums from Lootf Ali, was admitted to personal interviews with the Lieutenant Governor, in which he urged the release of Looft Ali and the dissatisfaction of the people.
8. It had been referred to the Lieutenant Governor whether Lootf Ali, having been acquitted of the charges brought against him, should not again be proceeded against, because two of his servants had been hanged for outbreak and murder. Before this was disposed of the Lieutenant Governor sent up Looft Ali's great friend and purchased partisan as Assistant Commissioner.

In adopting this course, I may, perhaps, be deviating from established custom, and possibly infringe the technical restrictions of official observance; but as all the "weightier "matters" of law, truth, justice, and courtesy, have been rudely dispensed with in my case, as I have been turned out of a high official post at the very zenith of a successful administration, as summarily and with as little ceremony as a beadle might eject a vagrant gamin from forbidden ground, I shall perhaps be pardoned the "anise and "cummin," of small improprieties, in consideration of the important object which I contemplate, and the serious task which is before me.

I have been summarily dealt with by Mr. Halliday as if I were a malefactor, while all competent witnesses *hail me, with united voice, as the protector of Patna.*

As a reason for the special and accumulated insults that have been cast upon me, Mr. Halliday said it was not *safe* to leave the appointment in my hands, while *the whole province say that the safety of everything is due to me.*

Under such unexampled injuries, I cannot consent to restrain myself within the forms of conventional propriety. I had rather the truth should be known, and my character vindicated without delay, though I should be personally rebuked for informality or presumption, than, while paying obedience to the forms of etiquette, allow my actions to be misrepresented, and my name insulted.

My purpose now is to disclose the entire train of incidents that have occurred within the last six months; to show that Mr. Halliday's antagonism and disfavour, which have now led to this violent blow against me, are the result of previous circumstances, that his disfavour was originally incurred by me, not in consequence of any error or dereliction of duty, but of an honest and straightforward remonstrance which I made, both publicly and privately, against certain of his proceedings in another matter. That these proceedings, again, were the consequence of a contemptible cabal, got up by a small clique of men, *headed by Mr. Halliday's brother-in-law,* and that, consequently, I have good reason to believe that prejudice and hostility have been allowed to influence Mr. Halliday's feelings against me in no common degree.

I shall then show that, even in the time of our greatest peril and disaster, when I was diligently labouring for the public good, I was subjected to harsh and mortifying treatment; that the erroneous judgment and grave misculation of events and probabilities advanced by Mr. Halliday were so embarrassing, that I was occasionally placed in very serious dilemmas, *and compelled to act on my own responsibility in opposition to his views*; and finally, that the whole course of policy pursued by me at Patna, and which has now been universally acknowledged to have been eminently successful, was so clearly opposed to the policy pursued and advocated by the Lieutenant Governor, that I had no alternative but either to disregard his instructions and act as God and my conscience might direct, or sacrifice the lives in my keeping, and lose the province.

It will be clearly seen that there are no light issues between Mr. Halliday and myself involved in this statement; but, as I shall advance nothing which I cannot substantiate, and, as I feel I have truth, rectitude of purpose, and a legitimate object before me, I do not hesitate to record them, and am, of course, prepared to stand by the consequences.

I have been treated like a criminal, and turned, it may be said, into the streets, at the very time at which acknowledgment and reward might justly have been tendered me, and I am resolved that my rulers, my friends, and the world, shall at least have full means of judging how far *I* have deserved the disgrace.

The circumstances which first brought me into disfavour with Mr. Halliday occurred some five months ago, and will here be very briefly described. In another place they will be more fully narrated.

With the recorded approbation, and, under the favouring auspices of Mr. Halliday himself, I projected, last year, a novel scheme of national education, which has since received the admiration and approval of the most able men in India.

The scheme was one of industrial education of a practical kind, and the details of the plan will be found briefly set forth in the accompanying pamphlet.

I intend, if permitted, to publish hereafter, for general information, the history of the rise and fall of this institution under the petty attacks of a clique. Suffice it here to say that, while I was enthusiastically absorbed in organising the scheme, and obtaining for its maintenance the support and contributions of the wealthy, a small knot of gentlemen at Patna, led on by Mr. Halliday's brother-in-law, concocted an opposition to all my plans, not openly, but in secret, and behind my back.

Private misrepresentations, it appears, were made to Mr. Halliday and to others, charging me with exercising some sort of *compulsion* upon rajahs and zemindars to induce them to subscribe to the establishment, and Mr. Garrett,* whose duties rendered it necessary for him to make a tour of districts constituted himself the itinerary apostle of the clique, dogged my footsteps, and exhausted all the eloquence and all the energy he possessed in misrepresenting my motives and abusing myself.

These covert machinations went on for some time without the slightest suspicion on my part, the machinators keeping up all the time the semblance of friendship and good-will; but suddenly the storm burst; anonymous letters appeared in the papers; whisperings

* I regret the necessity of mentioning the name of a gentleman who has since died, but, as his letters are on record and will be quoted against me, it is unavoidable.

whisperings and rumours crept over the station; "good-natured friends" were not wanting to repeat the slanders under the plausible guise of professed friendship: and, shortly afterwards, a letter arrived from Mr. Halliday, saying he had received accounts from several quarters that a sort of *forced taxation*, or compulsory tribute, was being levied by me, and that there was much "alarm and dissatisfaction" in the minds of the Natives.

Before my answer contemptuously repudiating this absurd charge could reach Mr. Halliday, he seems to have been moved by more missives, and to have been convinced by, I suppose, the earnestness of my slanderers. Then, in his anxiety as it seems, to save himself all contamination from the ill-savor of my wicked doings, he issued a notice for publication throughout the districts, in which he set forth his views in regard to subscriptions for public objects.

The cream of this notice was, that unless the subscriptions were *entirely spontaneous and disinterested, and given without reference to the wishes of Government, or any other interested motive*, they were not acceptable.

I objected to this procedure.

I objected to the views set forth in the proclamation, because, to use plain words, I did not consider them to be either ingenuous, consistent, or true.

I protested against it publicly; I protested against it, in the strongest and most unreserved terms, privately, as I considered it my duty to do.

I told Mr. Halliday that my friends had always warned me he would "throw me over" the moment it suited his purpose; that I perceived he was about to fulfil these predictions; that, in consideration of former kindness shown to me, I could not refrain from entreating him, before it was too late, for his own sake, to withdraw or modify the terms of this unfortunate notice, because it was entirely inconsistent with things done, said, approved, and applauded by him again and again.

Thus *began* the disagreement which laid me under the ban of Mr. Halliday's displeasure.

I *could* not conscientiously, and therefore I would not, yield the point; I could not feign to believe that the subscriptions had been *disinterested and spontaneous*, when I knew, as all others know, that such words are scarcely to be found in the Native vocabulary.

It would be tedious to detail the subsequent incidents. I will only here say, that I considered Mr. Halliday's proceedings so unfair and so inconsistent that I prepared a public and formal protest against them, to be laid before the Governor General in Council, which I annex to this statement.*

From that day Mr. Halliday has, I believe, regarded me with intense political, perhaps personal, dislike.

Some months ago he was desirous of removing me from the Patna to the Burdwan Commissionership, and had actually made arrangements for so doing. The object of this was, I believe, to save his brother-in-law, the leader of the cabal against me, from the consequences of a scandalous letter which that gentleman had written, in which he had served up, without stint or measure, all the calumnies, idle gossip, and malicious reports that he and his followers had succeeded in accumulating.

The manifest malice and the manifest falsehood of these wretched tales placed Mr. Garrett and Mr. Halliday in an embarrassing position, and, had not a higher hand than that of any earthly governor removed the former from the scene, I have little doubt that I should have been the scape-goat at all hazards.

As it was, the moment I heard of the premeditated transfer, I wrote to the Home Secretary of the Government of India, begging I might be removed *at once*, or else that the report might be authoritatively contradicted, as I was not disposed to enter upon the serious responsibilities of so grave a crisis with a weakened prestige, and the threat of removal hanging over me.

The answer was that the idea had been *abandoned*; that it would be mischievous to remove high officers at such a crisis, and *in my case especially so*. I remained, to bear the heat and burden of the day, to *save Patna*, and *then* to be *dismissed*.

Thus prevented, against his inclination, from doing me at that time the injury he meditated, for an *injury*, and a serious one, he knew it would be, Mr. Halliday's subsequent treatment of me has shown how ill this compulsory reprieve was tolerated by him, and how little, in fact, he had abandoned his purpose; and this brings me to the period of the late disturbances.†

This, then, was my position at the outset of the insurrection; the Lieutenant Governor exasperated against me, because I protested, and continued to protest, against what I held to be untrue; his brother-in-law, on the spot, heading a small but compact body of not over scrupulous opponents, who assailed me, by invitation of the Lieutenant Governor, with all manner of petty scandal, sarcasm, and abuse; the magistrate, my subordinate, encouraged to oppose my views and thwart my orders; a threatened *transfer*, only just warded off by the intervention of others; my own heart indignant at the unjust and ungenerous treatment I had received; Mr. Halliday, as I well knew, ready to take advantage of the slightest mistake.

Such

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* This protest was written in June, but its transmission was delayed in consequence of the disturbances.

† A separate and full history of the "Industrial Institution," which I mean to compile, will give all who are curious on the subject a more intimate and exact understanding of the matter.

Such was the combination of circumstances under which I entered upon the great crisis in which we were involved, and against such various and disheartening difficulties had I to deal with the dangers around us.

Patna, as is notorious, has for many years been regarded as the principal seat of disloyalty and intrigue. Ten years ago a deep-laid plot was discovered in the city, which included many of the influential people. The town contains an immense Mahomedan population, many of them old and respectable families, many impoverished in consequence of the resumption of their lands.

When first the Mutiny broke out at Delhi and Meerut the most serious alarm was entertained for Patna.

The opium agent, Mr. Garrett, and the lamented Dr. Lyell, made strong and frequent representations to the Government and the general commanding the division on the subject.

Mr. Farquharson, the judge, at the first outbreak of the Mutiny in May, wrote to propose that we should be prepared to leave the place on the first real alarm, and put ourselves under the protection of the guns and English soldiers at Dinapore.

The general commanding the division would not give a single soldier for the protection of Patna; we had for some time no other troops, the local battalion were of little use, even if trusted, and were more likely to turn their rusty firelocks against us than use them in our favour if any real disturbance took place.

Every letter I received spoke of the danger apprehended at Patna; all believed that, if Patna went, the whole province would follow; anonymous letters and petitions came to me every day, speaking of plots, conspiracies, and traitors; no one knew whom to trust, or whom to fear; the great sect of the Wahabees, numbering some thousands between Patna and Dinapore, were observed to be unusually busy; private meetings were held at night at mosques and in private houses; *all* was uncertainty, suspicion, and fear. The inward consciousness of danger, not the less alarming because not distinctly understood, pervaded all hearts. A great city, a large Christian population, and a noble province, were in my hands to save or to lose.

In the face of all these difficulties, by God's blessing, my measures were crowned with complete success.

The city was disarmed, the dangerous and disaffected were rendered powerless, the people were compelled to keep in their houses after nine o'clock at night; conspiracies were detected and baffled, an attempt to raise the city failed, the chief criminals were hanged or imprisoned, the villains of the town fled in terror, and peace and security, such as had never been known before, were established throughout the neighbourhood, so that during the two months of June and July scarcely a case occurred within the precincts of the town, and when the day of the Mutiny arrived, *which it was intended should be the signal of a concerted outbreak, the entire city of Patna was unmoved, except by fear.*

Such, summarily touched upon, was the RESULT of my administration. I now propose to show what were Mr. Halliday's views in this important crisis; what counsel and aid I received from his wisdom and experience, and what was his treatment of me individually.

It is impossible to deny, and useless to conceal, that, in vindicating my own character, I have matters of grave and momentous import to lay to Mr. Halliday's charge, and it may become a question of serious inquiry if I, a subordinate officer, have been thrust out of my appointment, disgraced before the world, and kept for months without any salary, for (*at the worst*) *one single error of judyment*; what fate would, by parity of justice, await Mr. Halliday, if, at least, his exalted office does not relieve him from all responsibility.

The matters I allude to are these:—

I affirm that in several instances, of more or less importance, recommendations made by me were either disregarded or disapproved, with no good or sufficient reason, to the manifest detriment of the public service, and the imminent danger of the whole province; that the dangers which existed, and which subsequent events *proved to be real*, were *slighted or ignored by Mr. Halliday, in opposition to reason, fact, and evidence*; and, lastly, that he has, at the time of my removal, lent himself to arrangements which have roused a spirit of indignation among the English, and dissatisfaction among the respectable Natives, which have been generally condemned by the civil and military services, and which are calculated at this crisis to bring discredit, if not contempt, upon the English name.

These are not light assertions, but I believe them true, and I proceed to illustrate them.

When the intelligence of the mutinies in the north-west was received, one of the first measures I proposed was to raise a local force *for future purposes*, foreseeing, as I immediately did, that in consequence of the paucity of regular troops, there would be a crying necessity for some trustworthy irregulars in the different districts.

I proposed to apply to all the respectable landholders to provide a quota of men, to be approved by me, and to be entertained on the *guarantee of the zemindars* who supplied them.

I might have raised a valuable and efficient force by these means, which would have done good service, and prevented, in a great measure, the disorganisation of districts.

But Mr. Halliday objected to my *asking* the zemindars for any assistance, stating that, with reference to a late correspondence (regarding the institution), such "*asking*" might

might be misunderstood ; he added, that I might *receive* aid and thank the zemindars for it, *if given*, but that I *must not ask!*.

The meaning of this evidently was, that, having declared in the Proclamation regarding the Industrial Institution, which I have referred to above, that no assistance on the part of Native landowners, unless *spontaneous and disinterested*, was acceptable, Mr. Halliday did not like to involve himself in the inconsistency of *asking* for such assistance immediately afterwards.

Now this distinction appeared to me so palpably a distinction without a difference; it would have been so complete a piece of hypocrisy in me to tell a zemindar that I could not *ask* him for aid, but I would *thank* him if he *gave* it; that I could not lend myself to what appeared a mere subterfuge and a sham, and the plan was abandoned.

The value of a body such as I contemplated raising, and could, by the mode proposed, have raised, would, at this time, have been incalculable.

As an auxiliary force they might have been employed in any district, they might have prevented the necessity of abandoning at least some of the stations, they might have prevented the defeat of the Seikhs by the 5th Cavalry at Gya, and performed numberless other services, and, by the cold weather, could have been available for whatever duties were required.

This appears to me to be an instance in which the public good was sacrificed apparently for the sole purpose for keeping up the illusion of *disinterested generosity* set forth in Mr. Halliday's unfortunate Proclamation. Had Mr. Halliday disapproved of the measure *in itself*, it would not be for me to raise this objection; but no other reason for its rejection was given but the reluctance to *ask*, while permission was given to do what would have been *the same thing as asking* under another name and semblance.

The next instance I shall mention of disregard to my recommendations, followed by serious consequences, is with respect to the 5th Cavalry.

I wrote demi-officially to the Lieutenant Governor, telling him I *knew* that the 5th Cavalry were in a state of mutiny, prepared to rise when opportunity suited them, begged that they might be disarmed without delay, and offered, if intimation were sent to me, to have the detachments at Chuprah and Dinapore knocked off their horses at the same time.

The answer was that some other officers *trusted* them, and Government "could not "afford to lose anything in the shape of cavalry, until their *absence* was *proved* to be pre- "ferable to their *presence*," *as if such proof is ever given till the remedy is too late.*

Shortly afterwards the 5th Cavalry rose, attacked Gya, defeated the Seikhs under Captain Rattray, dashed into the town, liberated the prisoners, subsequently ravaged the district, and went off in triumph to join Kooer Singh.

Common judgment and decision, especially after the information I gave, might have obviated all these disastrous consequences.

The next is a still more serious instance of wrong judgment, amounting, as it appears to me, almost to infatuation; a judgment, indeed, so *mischievously wrong*, that had I not *entirely set it aside, and acted in direct opposition to the view which Mr. Halliday entertained, Patna, if not the whole province, would have been ruined.*

When the intelligence of the distant mutinies was first received, I myself for a short time *hoped* it might prove to be a merely partial and military revolt, and that the contagion might not spread to the people or citizens of Patna; and I expressed at the outset this hope to the Lieutenant Governor.

But circumstances very shortly afterwards occurred, which induced me to alter my opinion.

On the 7th of June, a rise of the three Native regiments at Dinapore was planned, and intimation was sent to me, by the military authorities, that a disturbance was expected.

All the Christians assembled at my house, and preparations were made for defence.

While we were thus congregated, two letters from the regiments were intercepted, addressed to the men of the Police Local Battalion, telling them that all had agreed that they were coming down towards Patna, and begging the Nujeebs to take the treasure and meet them.

The design having been discovered at Dinapore, and great efforts having been made by the officers, the mutiny was staved off, apparently by a hair's breadth, and Rattray's Seikhs, to whom I had sent several expresses, marched into Patna at about four in the morning.

From this time my eyes were opened, the fact of a communication having been carried on between the regiments and the Nujeeb Guard was palpable. I soon found that constant intercourse was kept up between the two stations, Patna and Dinapore, and I plainly perceived, after some secret observation and inquiry, that serious mischief was brewing under an unruffled surface.

Then it was that, after carefully pondering the several sources of danger, after weighing and comparing the information brought to me from various sources, I resolved to adopt a series of coercive measures, which would anticipate and nullify any movement that might be contemplated, and draw the teeth of the disloyal before they had opportunity to bite.

The danger appeared so me to threaten us from three separate quarters:—

First. From the numerous and united sect of the Wahabee fanatics.

Secondly. From the immigrants, visitors, and settlers from Lucknow.

Thirdly. From the budmashes, or scoundrels of the city, who are ready to take advantage of disturbance, and who, if united with the prisoners, would form a large and formidable body.

Against these three parties my blows were aimed, and all were struck effectually; all my measures were quietly and successfully executed, and have been productive of precisely the result contemplated.

All was done on my own sole responsibility, without the *permission or knowledge* of Mr. Halliday, and the reason why this was so, brings me to the point of my present charge.

It will perhaps scarcely be believed that in spite of all that had occurred at other stations, with the tragedies at Meerut and Delhi fresh on his mind, notwithstanding that every man, woman, and child in Behar knew that a mutiny had been planned on the 7th of June, and only accidentally averted, Mr. Halliday, in the full light of these established facts, writing demi-officially, though dictatorially to me, some days after the night of the 7th, said,—

"*I cannot satisfy myself that Patna is in any danger. It is inconceivable that the "Native regiments at Dinapore should mutiny in the face of the European troops.*"

Mr. Halliday had before this rebuked me for saying "Please God we shall weather the "storm," on the ground that there was "no storm at Patna," and on this occasion, when uttering this extraordinary opinion, he added "there can be no disturbance at Patna, "unless the regiments do mutiny."

It is not with the utter inaccuracy of this judgment, and the extraordinary want of knowledge and foresight which it displayed, that I here wish to deal, but with the effect that this tone and handling of the crisis and its probabilities, necessarily had on *my measures.*

On the one hand *I*, in common with the whole province, was *convinced* that the regiments were bent on mutiny, and only waited their opportunity.

Mr. Halliday held it to be *inconceivable* they should.

At Patna, the treasure, amounting to 20 lakhs, the opium, estimated at some crores of rupees, the entire Christian population, with all that was dear to them, my own wife and children, the safety of all, was in my hands, and all depended, under God, on my measures.

Had I adopted Mr. Halliday's view, making nought of the danger and slighting past experience, I should have folded my hands, satisfied with the report from the magistrate and the police, and that "all was well." The plots of Ali Kureem, Peer Ali Khan, and other conspirators, would have been matured; the co-operation of the disaffected townsfolk and the Nujeebs would have been obtained; the people would have kept their arms, and enjoyed unrestricted liberty at night; time would have been allowed for the sepoys and the citizens to adjust their difference of opinion as to *the particular day of the week on which we were all to be murdered,** and when the day of mutiny came, Cawnpore, Jhansi, and Shahjehanpore might have been out-rivalled by the tragedy of Patna.

I am thankful that I dared to act on my own conviction of what was right, and the universal testimony borne by all the residents of the province, that the safety of Patna *was secured by the measures taken by me, in opposition to Mr. Halliday's views,* is an ample reward for all I have endured, and a full compensation as far as my feelings are concerned, for Mr. Halliday's displeasure.

How far this strange disregard of reason and experience affected the councils of the Empire, and prevented the Governor General from issuing decided instructions for disarming the Dinapore regiments, I cannot divine. But when the fearful results of that triumphant mutiny are considered, the ravages, the loss of life, the disorganisation of the country, the slaughter of brave troops, the death of our countrymen; when these things are pondered, *then* the question will be duly seen, and the grounds and consequences of Mr. Halliday's dictum be duly appreciated.

The next incident I will mention is in respect to Kooer Singh, and this again is no unimportant or trivial matter.

It may may not, perhaps, be generally known, that about two years prior to these occurrences, Government, at the recommendation of the Commissioner of Patna, Mr. Dampier, and of the Sudder Board, had taken over charge of Kooer Singh's estates, with a view to the adjustment of his affairs, Kooer Singh himself engaging to obtain an advance of money for the purpose of paying his debts, which were to be liquidated from the proceeds of the estates, through the collector.

The loan (13 lakhs) had not been finally negotiated, but sums had been intermediately raised from other parties, several very advantageous compromises had been made, and the capitalists who offered the large loan, had distinctly promised to remit it.

Suddenly, about a month before the Dinapore mutiny, the Sudder Board of Revenue sent, through me, as Commissioner, a peremptory message to Kooer Singh, that, unless he obtained the entire loan within a month (which was impossible), they would recommend the Government to withdraw all interference with his affairs, and abandon the management of his estates.

Anything

* This is a fact, confessed to me by several of the conspirators. The townsfolk wished to *saf-kur* (clear us out) on a Friday, the sepoys on a Sunday.

Anything more ill-advised or ill-timed can scarcely be conceived. The effect of such a measure would have been to throw him, bound hand and foot, into the power of his creditors, and make him altogether desperate, and this just at the moment when, as all knew, he was being anxiously *sought for* as a leader by the Dinapore sepoys.

The message was necessarily communicated; but I lost no time in writing to the Lieutenant-Governor, pointing out the imprudence of such a step at this critical time, and begging him to authorise me to assure the old Baboo from himself that he should *not* be thus thrown over.

In reply to this, after some time, a doubtful answer, of the stereotype character, came to say that inquiries would be made from the Board, &c., and the Lieutenant Governor would see what could be done, or words to that effect.

This is, in a matter of the utmost urgency, and at a most critical time, notwithstanding that *I*, as Commissioner of the Division, had pointed out the danger, the same routine course of dilatory procedure was to be pursued, as when there was neither danger nor crisis at all!

Ten days after, Kooer Singh was at the head of 10,000 rebels!

The next case is that which concerns the magistrate of Patna. This gentleman had been carried away by the anti-institution cabal, and, under the influence of ill advice from certain members of it, had persisted in placing himself in wilful opposition to me, his immediate superior, for some months before, in spite of every attempt that I could make to conciliate him by kindness, forbearance, and friendly overture. Even in ordinary times, a want of unanimity between a commissioner and magistrate is mischievous, and Mr. ——— has not much to thank the friends for who encouraged him in such a course. But when we entered on the late perilous crisis, and want of unanimity became *positively dangerous;* when I saw that, in spite of all my efforts, the magistrate persisted in a vexatious and unreasonable opposition, I then found it necessary, for the great interests at stake, to recommend his transfer to an appointment of equal emoluments at another and neighbouring station.

Mr. Halliday *refused to comply*, because, as he said, *I* had shown a *bias* against Mr. ———.

Thus charged, it became my imperative duty to refute the unfair imputation, and to show that Mr. ——— was not equal to the important post he held, which I had already stated some months before in my Annual Police Report.

A few days after Mr. Halliday had *declined to transfer* him at my earnest recommendation, made solely for the public good, he was *compelled*, by other circumstances, to *remove him altogether!*

It appears to me that the public have just cause to complain that their safety and interests were not consulted in the first instance, when, on the responsibility of my office, I represented the danger to all of a want of union, which weakened my authority, encouraged the intriguing and disaffected, and imperilled the city.

Such, then, are the serious oversights; such the mistaken judgment and the dangerous errors which have emanated from Mr. Halliday.

If I had been allowed frankly to ask for aid from the great landholders at the outset, there might now have been an efficient armed body, foot and horse, ready to co-operate with the English or Seikh detachments, and *perfectly reliable*, because guaranteed by those who have everything to lose.

If the 5th Cavalry had been disarmed, as I entreated they might be, the defeat of the Seikhs, the second liberation of the Gya prisoners, the plunder of property, the disorganisation of the district, all might have been spared.

Had Mr. Halliday not blindly disregarded the lesson of established facts, more decided and vigorous measures would doubtless have been adopted in regard to the Dinapore regiments, and the dark array of disasters which has followed their "inconceivable" mutiny, the destruction of Arrah, the defeat and slaughter of English troops and officers, the devastation of the country, might have been avoided.

Had my entreaty regarding Kooer Singh been promptly acted upon, I cannot absolutely say that he would never have joined the rebels; but the Government would, at all events, have been spared the remorse of thinking that they had themselves *added* at least *one inducement to his revolt.*

If these things are true, and they defy contradiction, may I now fairly ask, whether Mr. Halliday, who has so often and so seriously erred, and the consequence of whose errors has been so disastrous, whether he is the person to visit my single *alleged* want of judgment with such a merciless and severe penalty as dismissal and disgrace?

If that dismissal be viewed in the light of the present revelation; if the antecedent feeling of Mr. Halliday be observed, and the tale of the institution carefully considered; if the purpose of removing me three months before, because of these unfortunate occurrences, be borne in mind; if the serious errors committed by Mr. Halliday himself, and exposed by me, be duly weighed, and it be seen that the vigorous and determined measures adopted, and the signal success achieved by me, were adopted and achieved on my own responsibility, *and in opposition to Mr. Halliday's views;* when all these things are considered, I am much mistaken if the sentence which so took the whole of India by surprise, and is at the present day an enigma to the uninitiated, and a puzzle to the world, be not clearly understood.

I will now make some observations on what has occurred *since* my removal from office.

The appointment of Ameer Ali has met with such marked, such universal condemnation

from all classes; the policy which dictated it has caused such profound dissatisfaction that it will, doubtless, receive in itself a sufficient share of discussion and inquiry.

The subject quite deserves a separate history, and will probably obtain it from the pens of others, if not of myself. But I cannot refrain from here pointing out, what is not generally known, viz., that this Ameer Ali is the intimate friend and confidential adviser of one Lootf Ali, a wealthy banker at Patna, a man of notoriously *bad character*, who was arrested and tried on a charge of harbouring a mutineer, and *two of whose household servants* were proved to have been actively concerned in the brutal murder of Dr. Lyell, and were hanged by me in consequence.

Further, that a reference was before the Lieutenant Governor as to whether criminal proceedings should not be taken against Lootf Ali on the latter grounds, *at the very time his great friend Ameer Ali was sent as Assistant Commissioner to Patna.*

Thus, whatever were the object of the appointment, Ameer Ali is looked upon as the partisan of his friend Lootf Ali, who is known to have sent large sums to Calcutta during his imprisonment.

Since his arrival at Patna, Lootf Ali has become a leading character, and is described as exercising no little influence. He has been admitted to the house of the Commissioner; he has, in conjunction with other questionable characters, presented a petition of congratulation and loyalty, and received acknowledgment and thanks from the Lieutenant Governor, and is said openly to boast that he has procured my dismissal.

These are matters that must be sifted, and doubtless will, when the time comes.

I have written this narrative, for the satisfaction especially of my friends; of those who have so warmly testified to my services, and sympathised in my feelings, and for such other of my acquaintances and the public as are interested in the matter of my removal.

But I have another motive, quite irrespective of all personal considerations, for giving record and circulation to these remarks. It is that I feel convinced, and the conviction is, I apprehend, very generally shared by all who have carefully marked the course of late event—I feel convinced that the ground of my removal, though to a certain extent connected with other matters, and undoubtedly according with the foregone conclusion of Mr. Halliday's mind, the *real ground* is the obvious, if not the avowed, antagonism between my policy and the policy of the Government, in dealing with the events of the present crisis.

It is on this account, as well as for the vindication of my own name, because I feel that the actual question involved in this struggle between the Lieutenant Governor and myself is a question fraught with consequences of deep import to the future destiny of India, that I venture to place myself in an attitude of opposition to the Government less formal and ceremonious than in ordinary times I should consider becoming or well-judged.

Were the matter of discussion between Mr. Halliday and myself a matter of common routine, of minor importance, or passing interest, I would cheerfully yield my views and opinions to the voice of authority and the principles of subordination; but, feeling as I do, that the safety of India, and the honour of England, are alike bound up in the dispute which in fact lies at the root of the present controversy, I conceive it to be my duty as an Englishman and a Christian to waive the conventional rules of official decorum, if thereby I can force this great question, without delay, before the highest authority here and in England.

Whatever victories which may be achieved in the field by the strength of our bayonets, the strategy of our leaders, or the indomitable valour of our brave soldiers, there is a greater victory and more permanent triumph to be looked for, without which the gain of a battle, or the defeat of a foe, however brilliant or decisive, will be of little use—a triumph with which the whole future of this great country, the true interests both of India and England, are indissolubly united.

For the achievement of that victory, it is, above all things, necessary that we should, *first*, see the truth, and then manfully meet and grapple with it; that all our measures should be conducted on principles *ruled* and directed by *that truth*, and that, in the light of it, as of a sure guide, we should deal with the nation under our rule resolutely and righteously, as in the fear of God, trusting to *Him* for the issue.

What this truth is, I may, I think, venture to say, is patent to all thinking men who have eyes to see and ears to hear, and may thus be briefly stated:—

Firstly,—That the present outbreak is no *military revolt alone, no soldier mutiny, no mere rising of an army.* It is the issue of a long-meditated and deeply-laid scheme, the deliberate purpose of which was the *extermination of the whole Christian race, the overthrow of the British Government, and the re-establishment of Moslem rule.*

Secondly,—That the *army*, bought over by bribes and promises, and moved by the fears and fanaticism of the sepoys on religious points, has been the *instrument used* for the accomplishment of this large purpose of treachery and extermination. All the reasons so frequently assigned for its revolt—the paucity of officers, relaxation of discipline, and such like matters—are merely secondary causes, which, though important in themselves, as rendering the *seduction* of the regiments more *easy*, have yet *nothing* to do with the origin or purpose of the insurrection.

Thirdly,—That the Mahomedans are those who, as a body, have *originated* the scheme, have brought it to maturity, and have secretly, and with marvellous cunning and consummate adroitness, pulled the strings and set the puppets in motion.

These

These I conceive to be the *main facts* of this great truth—facts which, if I mistake not, are daily becoming more patent, at least, to the observing few.

The lessons to be derived from them as to our own dealings appear to me to be (stated briefly and in outline) these,—

That the English should everywhere assert and maintain with stern, though discriminating, rigour, that superiority which God has given them.

That with a people which has shown that, while feeding on our bounty and fawning on our persons, they can deliberately plan and mercilessly carry on schemes of unparalleled atrocity, we should hold no paltry hesitating parley, no cowardly half-hearted compromise.

A blood-thirsty and traitorous race, after a century of unwilling subjugation, impelled by personal hatred, national antagonism, the impulses of fanaticism, and the direct precepts of their religion, has now thrown down the gauntlet to us, Englishmen and Christians; they have murdered our children and dishonoured our women; they would have swept us from the face of the earth.

Let us, Christians and Englishmen, take the gauntlet up and repay these foul deeds; not with unmanly bestial acts like theirs—not with the murder of the feeble, the aged, or the stripling—not with *savage or undiscriminating vengeance*, which our religion forbids, but with hard and honest blows now, unflinching, though righteous, dominancy for all future time.

Let us recognise and accept the great lesson which has now been taught us amidst tears and blood, and deal with it as *wise and fearless men*, instead of shutting our eyes to the truth, and satisfying ourselves with a semblance of security, in which to slumber on until we are again awakened by another, perhaps a more successful revolution.

This is the victory which will be the permanent safeguard of an Empire which God has ordered for great purposes of righteousness.

Where individual loyalty has been shown, and individual service unquestionably rendered, let us frankly accept it, and honour it as it deserves, but let it be *as an exception clearly proved.*

With the nation at large our rule and our dominion must be the rule and the dominion of a superior race, the dominion of conquerors over a conquered but rebellious people, the dominion of a nation, sustained by the favour of the Almighty, over a nation yet lying in the darkness of Satan's sovereignty.

It was in this spirit, and with this assurance on my mind, that in the face of the dangers around us, and in opposition to the advice and exhortation of others, when we had no soldiers for our protection, and when reports of plots and conspiracies were rife around us, I refused to leave my house, or send away my wife and children from Patna.

It was in this assurance that, when the fact of conspiracies being devised against us became more clearly known, I took initiative measures against those whom I believed to be disaffected, or who had influence for harm, thus bringing the great city of Patna to my feet, and dealing with them as I willed, *with what success let the whole province testify.*

It is in direct and unmistakeable opposition to this course of policy that, since my removal, all has been, under the special superintendence of the Government, reversed.

A Mahomedan attorney, a man himself of low extraction, and only known as an astute pleader in Calcutta, and the friend of Mr. Halliday, connected, though not by blood, to some of the worst characters in Patna, the paid servant of many in the district, the close ally and confidential adviser of the well-known Lootf Ali Khan, whose position and character I have referred to above, this Mahomedan attorney, Ameer Ali by name, has been sent up with the new Commissioner as his special assistant, counsellor, and coadjutor, need I say to the astonishment and indignation of all India!

Everything that I had done was, as far as possible, undone; the suspected Mahomedans were invited to the house of my successor; the gallows was removed out of sight as offensive to their feelings; Lootf Ali Khan was received at the house of the Judge who had acquitted him, and addressed with gracious words, and has since been allowed to present petitions of so-called loyalty to the Government!*

My order for keeping the townspeople within their houses after 9 o'clock was rescinded, and most of the prisoners under surveillance were released; timidity, under the guise of benevolence, gave assurance to traitors; disgust and pain to all true-hearted Englishmen.

Happily for us all, even the Mahomedan Commissioner could not restore to life the scoundrels I had hanged, or bring back those I had transported; more fortunately still, English soldiers, guns, and fortifications (which we never had before, even in our greatest danger) neutralised the immediate effects of these pitiful and unmanly proceedings.

But the mischief of this timid course, this patchwork pacification, which Natives will ever ascribe to weakness and to fear, will not easily be remedied.

The appointment of Ameer Ali, and the removal of myself, are but the symbols of a system. The ostensible ground of my removal is seen, if not admitted, to be but a pretext, and the feeling is almost universal that it was *not* because I prudently withdrew a small detachment, and a handful of officials with the public treasure from the irresistible attack of an overwhelming force, which was only averted by a victory that was as wonderful as unexpected, but because I dared to carry matters with a high hand against the traitors, who

* *N B.*—Since then it is confidently stated that Lootf Ali has been ho oured by a written invitation from the Commissioner to a picnic party on board the steam ferry boat at Patna! given by Mr. Farquharson, who tried him for harbouring a mutineer, and refused to postpone the trial for two days on my official requisition, to admit of further evidence being adduced.

who would have murdered us if they could; because I boldly asserted and fearlessly maintained the authority of the English, and enforced the respect and submission due to the English name, because, when I found the Lieutenant Governor ignored all danger at Patna, held the mutiny of the regiments at Dinapore to be "inconceivable," blinded himself to facts, and warned me against nothing but informality and vigour, because, when I found this, I acted on my own responsibility, and determined on saving the lives of my fellow Christians, even though my acts might be irregular, and my measures beyond the law, the feeling, I say, and the conviction is universal, that this is the cause of my summary dismissal, and the indignity which Mr. Halliday has endeavoured to heap upon me.

On this issue I willingly take my stand; whatever be the official decision of our rulers in the case, whether justice be denied or vouchsafed, and whether I am doomed to further incivility, insult, and oppression for the service I have rendered and the truths I have told, to the unanimous voice of all classes in the Province of Behar, so cordially recorded in my favour, and only rendered more remarkable by the exceptional dissent of two or three men of commonplace calibre (known to have been previously opposed to me, and jealous of my success), to the general feeling of all impartial Englishmen in India, to the verdict of the great English public, and to the matured experience and sagacity of all Indian statesmen worthy of the name, I confidently submit the arbitration of this great question.

At all events, I have striven only for the truth, in whose omnipotence I place implicit faith, sincerely believing that, by the honest exposure of all that is tortuous or untrue, and the fearless exposition of all that is real, manly, and straightforward, I am (whether I benefit or prejudice myself), undoubtedly serving the best interests of the Government and my country at this eventful crisis.

(signed) *W. Tayler.*

Appendix F.

Letter from the Commissioner of the Patna Division to the Secretary to the Government of Bengal, dated Patna, 29th January 1858.

Sir,

A few days ago I learnt that Mr. W. Tayler had published a pamphlet, which he was circulating amongst his friends, and which contained severe reflections on my administration of the affairs of this province. I immediately wrote to Mr. Tayler, and requested he would send me a copy, informing him at the same time that I should hold myself at liberty to deal with it after perusal as I should think fit. I received from him in reply the accompanying pamphlet, which I submit for the consideration and orders of the Lieutenant Governor, and ultimately, should the Lieutenant Governor see fit, of the Governor General in Council.

2. In this pamphlet Mr. Tayler appeals from the sober judgment of the Government to the passions of the public, and, while expressing ostentatiously his reliance on the omnipotence of truth and his detestation of all that is tortuous and untrue, strings together a series of libels, every one of which, to a greater or less extent, is based upon fiction or misrepresentation.

3. Mr. Tayler, after having given much dissatisfaction to the Government and the Board of Revenue by his general management of the duties of his office, was removed from this Commissionership because, at a most critical period in the history of the Province, when the native population were in a ferment in consequence of the successful mutiny of the sepoys at Dinapore, when one district was already lost to us, and the utmost firmness was necessary to secure the remainder, he adopted the extraordinary resolution of abandoning the districts of Gya, Tirhoot, and Chumparun, and proceeded to do this in the most precipitate manner, without furnishing the district officers with one word of instruction for their guidance, or making any arrangements for the safety of life and property in the deserted districts. His excuse that one of these districts was in danger of an attack from an overwhelming force, and that the lives of the officers there stationed might have been sacrificed, would have justified the abandonment, in turn, of every district between this and Calcutta, and was accordingly disallowed by Government.* It is only necessary to glance at the position of this province on the map to be aware that the abandonment of those districts was an error of judgment which, but for the providential victory of Major Eyre, would undoubtedly have been attended with the most disastrous results. All this, however, Mr. Tayler finds it convenient to touch upon in his pamphlet as lightly as possible. He affects to consider the real cause of his removal, a false pretext on the part of the Government, and after a fashion much in vogue with the native

* Had Kooer Singh really come across the Soane, as Mr. Tayler says he supposed he would, Mr. Tayler's order, instead of saving the lives of the Gya civilians, would have been their death-warrant, as the road from Gya to Patna runs parallel, or nearly so, to the Soane, and the march, even without treasure, occupied five days.

native litigants, but now for the first time, as I think, resorted to by a civilian, attributes his suspension to enmity on the part of the Lieutenant Governor, which enmity, he alleges, was excited by a difference of opinion relative to the propriety of his proceedings in procuring large sums of money from the zemindars of his division for the establishment of an industrial school.

4. He then proceeds, in a style of self-laudation which has probably few parallels even in the annals of pamphleteering, to praise his own conduct and proceedings up to the time of his removal, and, in order to heighten the effect of the picture which he draws of himself, he daubs freely, with the blackest colours, his immediate superior, the Lieutenant Governor, and his two successors, Mr. Farquharson and myself, the former by name, the two latter by implication. Everything that Mr. Tayler did or proposed was most wise, prudent, and heroic, while the acts of everyone else were "infatuated," "pitiful," and "unmanly." The former resulted in a success acknowledged by all "competent witnesses," the latter ought to have been crowned with disaster, though, unfortunately for the completeness of Mr. Tayler's tableau, this consummation is as yet delayed.

5. Towards the close of the pamphlet Mr. Tayler, forgetting apparently that he has at the outset attributed his removal to Mr. Halliday's enmity, catches at the newspaper clamour against the appointment of Ameer Ali, and turning it adroitly to his own purposes, winds up by declaring that he was removed because "he dared to carry matters "with a high hand against traitors," because "he boldly asserted the authority of the "English, and enforced respect to the English name," and because he determined "on "saving the lives of his fellow Christains on his own responsibility,"—from all which he manifestly intends it to be inferred that the Government were inclined to truckle to traitors, that they neither wished to assert their authority nor to enforce respect to Englishmen, and that they were indifferent to the lives of their Christian subjects.

6. What Mr. Tayler wishes it to be understood that his own policy was, or what policy it is, antagonistic to his own, which he charges upon the Government and myself, it is not easy, from the frothy phrases in which he indulges, to comprehend; so much I gather, however, that Mr. Tayler, with a view to secure the popular voice, proclaims his own policy to have been fearless and uncompromising, and that of the Government and myself to be one of conciliation and compromise.

7. With Mr. Tayler's policy I will deal hereafter. With regard to the policy that he attributes to me, if Mr. Tayler means it to be implied that I have entered into any compromise with or shown any tenderness for rebels or disaffected persons, I meet the calumny with a flat denial, and challenge him to the proof of it. If he simply means that I have declined to bully the peaceable subjects of the Government, or to make no distinction between those who have rebelled and those who have not, I fully admit the fact. I do not believe, with Mr. Tayler, that an Englishman shows "that superiority which God "has given him" by trampling on innocent and unresisting men, nor do I recognise the wisdom of that policy of "rigour" which leads yet quiet subjects to consider whether they would not be better off in the hands of the rebels than in those of the British Government.

8. I would rather my right arm should wither from the shoulder, than I would spare one man who had been art or part in any of the atrocities which have been recently perpetrated on our unfortunate friends and relatives in this land, but on the other hand, I should regard myself as on a level with the miscreant sepoys themselves if I sent innocent men to the gallows, or punished any one of whose guilt I was not fully assured. A strict and watchful rule, no doubt, is and always will be necessary in this country, but Mr. Tayler does not appear to understand that watchfulness and strictness are not incompatible with an absence of fuss and parade, and that nothing would so effectually weaken our hold on the country as needless violence and a system of petty annoyance which presses indiscriminately on all classes, and generates a wide-spread hatred of the Government which resorts to it.

9. Mr. Tayler says that Ameer Ali's appointment and the removal of himself are but the symbols of a system. I deny this most emphatically. I have already narrated at some length, in a letter which the Lieutenant Governor has made public, the circumstances of Ameer Ali's appointment, and I need not go over them again. It is necessary, however, with reference to Mr. Tayler's present insinuations, that I should state a few additional facts, for the correctness of which the Lieutenant Governor himself, and other members of the Government I am addressing, can vouch.

10. When Mr. Tayler's removal was determined on, I was sent for by the Lieutenant Governor, and informed that he wished me to occupy the vacant post, and that I must be prepared to start with Sir James Outram and Mr. Grant in two days' time. The appointment, it may be necessary to mention, was inferior in rank to the one I held, and would have been inferior in point of emolument also, but that the Governor General was pleased, without any solicitation on my part, to allow me to retain the allowances which I drew as an officiating judge of the Sudder Court. It was the exchange of a post of ease and dignity for one of arduous toil, great anxiety, and, as all in Calcutta then believed, of no inconsiderable danger. Family reasons made it inconvenient for me to

leave Calcutta. With Mr. Tayler himself I had always been on friendly temrs, and sympathised with his misfortunes, believing him at the time to have acted, in the difficult circumstances in which he was placed, with energy and vigour. I had no motive, therefore, for desiring this appointment; but the moment was critical, and it was sufficient for me that the Government thought my services could be of use. I accepted the appointment, therefore, without hesitation; but had it been offered to me on the terms on which Mr. Tayler would imply that it was, had I been asked to become the agent of any system of compromise with traitors, or of weak half-hearted measures, I would have peremptorily declined it.

11. No such terms, however, were likely to be proposed to me, for it was well known to all my friends, and most probably to the Lieutenant Governor himself, that while setting my face against the senseless cry of indiscriminate proscription, which recognised no difference between the Bengalee baboo and the up-country sepoy, I had throughout been an advocate for the most vigorous measures, and was opposed *in toto* to everything in the shape of compromise with the rebels, or conciliation towards them.

12. I can, moreover, honestly affirm that in the course of the two interviews which I had with the Lieutenant Governor previous to my departure, I did not hear one word from his lips which gave me the idea that he was the advocate of any such policy as that charged against him by Mr. Tayler, nor in the various letters which I have since received from him is there a syllable which would warrant such an imputation.

13. No course of policy whatever was laid down for me by the Lieutenant Governor. He was pleased to say that he had confidence in me, and he merely stipulated that he should be kept regularly informed of my proceedings. He informed me of the causes of complaint (independent of the crowning act of the abandonment of the out-stations) which the Government had against Mr. Tayler (not one of which, I may observe, Mr. Tayler has touched upon), and though he expressed his fear from what he heard that Mr. Tayler had punished many innocent men, yet nothing fell from him which could lead me to suppose that he disapproved of vigorous measures, either for the repression or prevention of disturbances, or the punishment of rebels.

14. As to the appointment of Ameer Ali, of so little importance was it considered at the time that, to the best of my recollection, it was not even alluded to either by Mr. Halliday or myself. That appointment, as the Lieutenant Governor and you, Sir, are well aware, had no reference to any policy, conciliatory or otherwise, whatsoever. The services of Ameer Ali were accepted, because from his intimate knowledge of the people of the province to which I was going, it was supposed he might be useful to me. His functions were simply those of the Meer Moonshee of a political agency, but as he very reasonably stipulated for an honourable title, that of Assistant Commissioner, the lowest grade in the ranks of the Covenanted Service was conferred on him by the Lieutenant Governor, with the addition, which every Deputy Collector and Principal Sudder Ameen is entitled to, of Khan Bahadoor. No powers whatever were entrusted to him. Had I not brought Ameer Ali up to Patna, I must have looked for the secretary's duties which he performed either to my serishtadar, who, like three-fourths of the officials in this province, is a Mahomedan, or to some one of the other Mahomedans who were honoured with Mr. Tayler's confidence.

15. Of the real character of Moonshee Ameer Ali, the certificates I annex, which are culled from numerous flattering testimonials granted to him by the different officers with whom he has come into official contact, will enable the Government to judge. It will be seen that throughout his career the strongest testimony has been borne by those who knew him best to his integrity, ability, and gentlemanly bearing. Suppose Ameer Ali, however, to have been all that his enemies have endeavoured (though with signal ill success) to make him out, what certainty was there, I would ask, that I should have got a better man at Patna? The probability obviously was, that I should not find a native officer at that place so free from local influences, or so much above pecuniary temptation.

16. Mr. Tayler, judging I must suppose from himself, chooses to insinuate that Moonshee Ameer Ali exercised some influence over me, and that to him are due various measures with which he finds fault, and which I shall presently notice. There is not the slightest ground for this insinuation. Had I been the veriest fool in the world, the clamour which was raised against the appointment, and which reached me before I set foot in Patna, would have rendered me very cautious how I acted upon the advice of Ameer Ali, but I may say without vanity that I never yet have been accused of being either a fool or a man who surrendered his judgment to native influences, and there was no measure of any importance adopted by me which was not adopted from considerations of its propriety, altogether independent of any advice tendered by Ameer Ali, nor is there one for which clear and satisfactory grounds cannot be assigned.

17. Had the nature of Ameer Ali's appointment and its emoluments been understood, the public would have taken no more interest in the appointment than they do in the nomination of any of the ordinary umlah of a Commissioner. That they were misled is in a great measure owing to Mr. Tayler himself, who, seeing in the popular feeling which was exhibited on this subject the means of making a little political capital, and drawing off attention from the real cause of his disgrace, has busied himself in keeping up the

popular

popular delusion, and now reproduces and endorses all the fables regarding Ameer Ali which have hitherto been published in an anonymous form.

18. With these fables I now proceed to deal. They will be found at the bottom of the 21st page of the pamphlet.

First. Mr. Tayler, willing to enlist in his favour the vulgar prejudice against attorneys, sets out by terming Ameer Ali a Mahomedan attorney. This is a dishonest artifice which was first resorted to by the editor of the "Friend of India," from whom Mr. Tayler has not been ashamed to copy it. The distinction between a barrister or vakeel, and an attorney or mooktear, is just as sharply drawn in this country as it is in England, and Mr. Tayler was perfectly well aware, when he penned this statement, that Moonshee Ameer Ali was not an attorney. He is a vakeel or barrister of some 20 or 25 years' standing, who has worked his way by industry and ability to the topmost rank of his profession, and is now employed in most of the leading cases in the Sudder Court. It may be conceived what is the nature of Mr. Tayler's case when he does not scruple to resort to such a miserable perversion of fact in order to support it.

Second. Mr. Tayler says that Ameer Ali is a man of low extraction. If this were true, then Moonshee Ameer Ali would be entitled to all the greater credit for having raised himself by his own exertions to his present position, in an honourable profession, but it is a piece of pure slander. Moonshee Ameer Ali is a Sheikh by the father's side, and is related by intermarriages to various families of Syuds. His family have held lakheraj grants and zemindaree lands for many generations, and are connected with a very large number of most respectable people in this province. His father, as I mentioned in a former letter, was at one time Moonshee to Lord Lake; he was subsequently a first grade tuhseeldar under Mr. Leycester at Bareilly. He was then placed in charge of Lakhawur, the forfeited Jagheer of the Nowab Erich Khan, and was afterwards made Tuhseeldar of Gyaspore, which appointment he held until old age compelled him to resign. Moonshee Ameer Ali is in truth a man of highly respectable family, and Mr. Tayler ought to be ashamed, for more reasons than one, of having attempted to cast upon him the reproach of low birth.

Third. He is alleged to be the friend of Mr. Halliday, in order to convey the insinuation that the latter was influenced by private motive in making the appointment. I believe I am correct in stating that Ameer Ali is no otherwise the friend of the Lieutenant Governor than that Mr. Halliday has long been acquainted with him, and receives his visits as he does those of all other respectable native gentlemen in Calcutta.

Fourth. In the copies of this pamphlet which Mr. Tayler has circulated to his friends, Ameer Ali is declared to be "connected *by blood* to some of the worst characters in "Patna." Aware that he could not support this calumny, Mr. Tayler inserts, in the margin of the copy he has sent to me, the words "though not" before the words "by "blood," which renders the accusation safely vague and indefinite. Even in this form, however, the statement is just as destitute of truth as it was before; there is no foundation for it whatever.

Fifth. He is said to be "the paid servant of many in the district," which is also untrue, unless in the sense that a barrister is the paid servant of his client.

Sixth. The next calumny relates to Ameer Ali's connection with Lootf Ali Khan, and will be found fully stated at page 17 of the pamphlet. Moonshee Ameer Ali is said to be "the intimate friend and confidential adviser" of Lootf Ali Khan, who is described as "a man of notoriously bad character" (an expression which is put in *italics* to give it more force), "who was arrested and tried on a charge of harbouring a "mutineer, and two of whose household servants were proved to have been actively "concerned in the brutal murder of Dr. Lyell, and were hanged by me (Mr. Tayler) in "consequence."

19. I have before had occasion in my letter, No. 1446, of the 1st November last, to expose fully the proceedings of Mr. Tayler in the case of Lootf Ali Khan. I trust that the Lieutenant Governor will publish this case, together with the notes addressed to the Judge by Mr. Tayler during the course of the trial, in order that people may be enabled to form their own judgment respecting it. I will here only briefly refer to a few facts in connection with it, to show how entirely without foundation Mr. Tayler's assertions with regard to Lootf Ali are.

20. Mr. Tayler's statement that Lootf Ali Khan was a man of notoriously bad character is wholly untrue, and I challenge him to produce one *fact* in support of it. Lootf Ali Khan has always been received by the different Commissioners and other civilians at the station on the same terms as other respectable members of the Native community, and I am informed by the oldest residents here, and those best acquainted with the native gentry of Patna, that they never heard a word against Lootf Ali Khan's character. On the occasion of his trial Mr. Tayler endeavoured by every means in his power to prove him a bad character, yet the only evidence (so called) which he could adduce was a gossiping letter from a gentleman in Tirhoot, who said he had always heard from the natives that if there was any conspiracy in Behar, Meer Abdoollah's family were likely

to be at the bottom of it,—an opinion which, if worth anything, would tell quite as much against Vilayat Ali Khan, Mr. Tayler's friend, as Looft Ali Khan.

21. In 1853 Lootf Ali Khan was nominated a member of the Local Committee of Public Instruction, which the Lieutenant Governor is aware is a distinction conferred on no natives except influential gentlemen of good character. His nomination proves positively that he was considered in 1853 one of the most respectable men in the city of Patna, and as he remained on the Committee up the time of Mr. Tayler's departure, it is to be presumed that no valid ground for his removal was known to exist.

22. On Mr. Tayler's assumption of office as Commissioner, he was equally blind with everyone else to the bad qualities he has now discovered in Lootf Ali Khan. The nephew of Lootf Ali Khan, by name Vilayut Ali Khan, a man who affects a certain English bluntness of manner, and is altogether a very plausible person, was particularly singled out by Mr. Tayler as a friend, and was constantly to be seen in Mr. Tayler's house. The uncle and nephew had quarrelled, partly on account of some domestic arrangements of Vilayut Ali Khan which his uncle considered to be scandalous, and partly on account of their respective shares in the inheritance of Meer Abdoollah, the father of Lootf Ali, and grandfather of Vilayut Ali Khan. Mr. Tayler voluntarily undertook the office of arbitrator between the two. Either then he, being the Commissioner of the Province, undertook the friendly office of arbitrator for a man whom he believed to be of notoriously bad character, or his statement that Lootf Ali was a bad character falls to the ground. Mr. Tayler may choose which of the horns of the dilemma he pleases. The arbitration proceeded and was at length brought to a close by a decision which Lootf Ali declared to be so partial and unfair that he refused to abide by it. Vilayut Ali endeavoured to enforce the arbitration decree at law, but both the Zillah and the Sudder courts declared it to be improper and invalid, and refused to recognise it.

23. From that period it was that Mr. Tayler discovered Lootf Ali to be an objectionable person, and refused to see him. I defy Mr. Tayler to point out any other cause for his exclusion. Shortly afterwards the mutinies commenced. Vilayut Ali Khan took a house in the neighbourhood of Bankipore, in order that he might be constantly with Mr. Tayler, and Moula Buksh, the deputy magistrate of the city and close ally of Vilayut Ali, took up his abode in Mr. Tayler's compound, and was entrusted with the conduct of all political cases.

24. A few days after the outbreak in the city, in which Dr. Lyell was killed, Imamoodeen, one of the murderers who had been cut down on the spot by the police, named one Ghuseeta, who he said was the servant of Peer Ali Khan, the principal conspirator, as his accomplice. The man was arrested He had formerly been in the service of Lootf Ali Khan, but had left, it was said, three months previously, on pretence of sickness. Another Ghuseeta was also arrested, who was the son of an ayah in the employ of Lootf Ali's mother.* These two men were condemned by Mr. Tayler and hung. Owing to the mode in which the trials were conducted, which will be more particularly adverted to hereafter, it must be a matter of conjecture whether they were guilty or not.

25. Shortly afterwards Lootf Ali himself was arrested and thrown into gaol, on a charge of harbouring a mutineer. Had Mr. Tayler tried him there is little doubt from what he has since written on the subject, that he would have convicted him also. Fortunately for Lootf Ali, and for the interests of justice, the Commissioner had been previously prohibited from exercising judicial powers when there was a judge present in the station, and the trial was held before the sessions judge upon Mr. Tayler's commitment.

26. The first defect apparent in this commitment was that Mr. Tayler had forgotten to ascertain whether the man whom he had charged Lootf Ali with harbouring was really a mutineer or not. Reference was made by the judge to the head-quarters of the man's regiment at Benares, and this little omission was rectified. The man being proved to be a mutineer, it then remained to show that Lootf Ali had harboured him. On this point and Mr. Tayler's further proceedings in the case I cannot do better than quote what I said on this subject in my letter, No. 1446, of the 1st November last, when remarking on an attack which Mr. Tayler had made on Mr. Farquharson regarding this case. It will be seen that Mr. Tayler, having first forgot to prove the man who was said to have been harboured to be a mutineer, had next omitted to prove the harbouring.

27. "The evidence against him (Lootf Ali) was that of a near relative of Vilayut Ali Khan, the notorious enemy of the prisoner, and several servants and dependants of this relative. Except the principal witness, not one deposed to the sepoy ever having been within Lootf Ali's doors; their evidence was entirely hearsay; and the testimony of the principal witness to his having seen the sepoy twice at Lootf Ali's was so vague and inconsistent that it was entirely disbelieved by the court. Of the specific offence of harbouring charged against the prisoner, which implies a knowledge of the fugitive's crime and an intent to screen him from the pursuit of justice, no proof was ever attempted. Previous to the

* Vilayut Ali's grandmother.

the trial, and during it, Mr. Tayler attempted to influence the judge against the prisoner, by notes, copies of which were forwarded to you by Mr. Farquarson in submitting his judgment. When he found that the judge was inclined to acquit the prisoner, he sent in a supplementary calendar with witnesses to prove,—

"*First.* That one Ghuseeta Khulleefa, who had been hanged on a charge of rebellion, was a servant of the prisoner.

"*Second.* That another Ghuseeta Khan, who had been similarly executed (both, as I think, on very doubtful evidence), was the son of a woman who was the ayah of the mother of Lootf Ali; and *third*, that Lootf Ali had given out that he had heard from the judge that armed sepoys were coming to attack Patna. The last charge, supported by three intimate friends of Vilayut Ali Khan's, was fully disproved; the second was denied by the prisoner, and was immaterial if true. With regard to the first, it was not denied that Ghuseeta had been the servant of Lootf Ali, but evidence was adduced to show that he had absented himself on the ground of sickness for some time before the disturbance in the city of Patna, for complicity in which he was hanged, broke out. The judge dismissed the case, recording his opinion that the incarceration and commitment of the prisoner was alike improper and unjustifiable." I think I am amply borne out in saying that this is a case to which Mr. Tayler, if he has any proper feeling, should be ashamed to allude.

28. It will be seen that the statement in the pamphlet, that two of Lootf Ali's household servants were executed, is wholly incorrect. One of the men was never said to have been in Lootf Ali's service; the other, it was admitted, had at one time been his servant, but had left it some time before the outbreak. Yet Mr. Tayler did not hesitate, in a communication to the judge, to apply to Lootf Ali, in reference to his servant's crime, the legal maxim "*Qui facit per alium facit per se*," from which we must infer, that if some *ci-devant* servant of Mr. Tayler's steals my spoons, Mr. Tayler would consider it quite right and proper that he himself should be convicted of theft and sent to jail.

29. Mr. Tayler having, notwithstanding Lootf Ali's acquittal, endeavoured again to fix on him the stigma of guilt, proceeds to accuse Ameer Ali of being his intimate friend and confidential adviser. As Lootf Ali is not a bad character, and there is no ground for imputing guilt to him, it is evident that it is a matter of indifference whether Ameer Ali is his friend or not, but the fact I understand to be, that the sole relation that subsists between Lootf Ali and Ameer Ali is that of pleader and client.

30. Next follows an accusation against the Lieutenant Governor of having appointed Ameer Ali, the friend of Lootf Ali, Assistant Commissioner, at the very time that a reference was before the Lieutenant Governor as to whether criminal proceedings should not be taken against Lootf Ali on account of his servants having been concerned in Dr. Lyell's murder. Mr. Tayler made this charge on a former occasion, and in my reply. No. 1446, of the 1st November last, I showed that it was entirely without foundation, the Supreme Government having pointed out to Mr. Tayler, several days before his suspension, or Ameer Ali's appointment, that the facts he stated did not justify any proceedings against Lootf Ali Khan.

31. An insinuation is next thrown out that Ameer Ali received large sums of money from Lootf Ali during the imprisonment of the latter. It is really painful to see a man in Mr. Tayler's position voluntarily making himself the vehicle of the lies and calumnies of a parcel of worthless intriguers. Mr. Farquharson pointed out in his letter, in answer to Mr. Tayler, which was forwarded with mine of the 1st November, that it was physically impossible Lootf Ali could have sent money to Calcutta at the time stated, as his arrest was sudden and unexpected, and his confinement by Mr. Tayler's order was so rigorous that he was unable during the whole time to communicate with any member of his family.

32. It may be said, however, that his family sent the money. If so, the records of the banking house will prove it, and as Vilayut Ali Khan, who has undoubtedly given birth to this calumny, is a member of the banking house, it is in his power to produce the proof. Lootf Ali Khan, I understand, affirms that not one single rupee was sent to Calcutta during his confinement, or at any other time, for purposes connected with his arrest, and he challenges Mr. Tayler and his friend, Vilayut Ali Khan, to prove their assertion.

33. Lootf Ali Khan, it is asserted, "has become a leading character, and is described as exercising no little influence. He has been admitted to the house of the commissioner. He has, in conjunction with other questionable characters, presented a petition of congratulation," &c., &c. The facts are, that I have very rarely seen Lootf Ali Khan. His visits, which have not been nearly so frequent as those of Vilayut Ali Khan, have been mere visits of ceremony. He is a man of a quiet unobtrusive character, and neither pretends to nor exercises any influence over any one. He joined in one of the petitions of congratulation which were presented after the Mohurrum, and no one had more cause for doing so. These petitions were signed by most of the respectable people

in Patna, the Nawab Jaffer Hossein Khan, Koonwar Sookraj Bahadoor, grandson of Rajah Pearee Lal (whom some of Mr. Tayler's friends declared in their letters to the papers to be a Bunnea, whom the Government had addressed by mistake!), the Nawab Sohrab Jung, and some seventy others, all men of high respectability.

34. Ameer Ali, it is said, at page 22, was sent up as my "counsellor and coadjutor," which I need not say is a simple piece of impertinence on Mr. Tayler's part, and wholly untrue.

35. Let us see now what is the mischief which is said to have been done under the guidance of Ameer Ali. The first assertion under this head is veiled, as is usual with Mr. Tayler, in convenient obscurity. "Everything that I had done was as far as possible undone." It is necessary to see what the everything comprises, and it turns out that it comprises five things: 1st, the Mahomedans Mr. Tayler suspected were received by his successor; 2nd, the gallows was removed out of sight; 3rd, Lootf Ali was received by the judge; 4th, Mr. Tayler's order for keeping people in their houses after 9 p.m. was rescinded; and 5th, most of the prisoners under surveillance were released.

36. Now in answer to this I have only to state, as I have stated more at length in my letter of the 1st November, that no person was received in my house against whom there was any valid ground of suspicion whatever, that no prisoner was released whom there was any good ground for subjecting to further restraint, that in respect to neither of these acts did Moonshee Ameer Ali exercise any influence whatever, and that the other acts complained of all took place prior to my arrival at Patna.

37. The gallows had been put up by Mr. Tayler, not where the Mahomedans congregated, as he fain would have the public believe, not where it could act as a terror or a warning to the native community, but some four miles from the city, in the English station of Bankipore, on the spot where the English ladies of Patna were in the habit of taking their evening drive.

38. A more indecent and purposeless act than that of putting up a gallows in such a place, I cannot conceive. Mr. Farquharson, on taking charge of the Commissioner's office, removed the gallows to its ordinary position near the jail, and every person of proper feeling will consider that he acted right in doing so.

39. The order for keeping the people in their houses after 9 o'clock had manifestly failed in its object, for the insurrection of Peer Ali Khan took place notwithstanding. It was one of those orders which young and inexperienced magistrates are apt to give at the instigation of their police, to whom it furnishes an ample harvest. It has a show of vigour, and looks well on paper; in reality it is worthless. Many years ago, when I first became a magistrate, it was usual not merely to prohibit people from going out at night, but to compel all suspected persons to sleep at the nearest police station. This was a much more promising plan than Mr. Tayler's, but it failed notoriously, first, owing to the corruption of the police, and, secondly, to the fact that the most dangerous villains, whether thieves or conspirators, are those who are least affected by such rules.

40. When Mr. Farquharson took charge, all the most respectable people in the city, and especially the trading community, begged that the order might be rescinded, pointing out that it was useless against the budmashes and the evil-disposed, who could always evade it, and that it was only annoying to them. Mr. Farquharson, being satisfied of the correctness of this representation, withdrew the order, and subsequently, when it was proposed to me to reimpose the restriction, I refused to do so.

41. Against a body of armed men entering the city for the purpose of creating an insurrection, it was manifestly useless, as nine-tenths of the police, it was well known, would fly the moment such an event occurred. It could not prevent disaffected individuals from gathering or consulting, for that they might do before 9 o'clock, or outside the city, and it was well known that it was only operative against those who could not pay, or who knew too little of the city and the waste grounds about it, to evade the chowkeedars.

42. This was the only order of Mr. Tayler's which, so far as I know, was reversed after his removal, and this reversal, as well as the orders for the release of such persons as were released, were given upon conviction of their justice and propriety. There was nothing in any of these orders which could be, or was, ascribed by the people either to weakness or fear, and when Mr. Tayler, in his anxiety to catch the popular ear, talks of these proceedings as being "pitiful and unmanly," of "a timid course" and "patchwork pacification," he simply talks nonsense.

43. Mr. Tayler insinuates, at page 22 of his pamphlet, that, but for the presence of English soldiers and guns, the policy pursued here since his removal would have produced disastrous results. I defy Mr. Tayler to name any one fact which supports what I may well call this "pitiful" insinuation. It is wholly without foundation. So also is the statement which, in order to contrast the effect of his own policy, he immediately introduces, that he had neither soldiers nor entrenchments here himself. So far from this being the

case,

case, he had Captain Rattray's corps of Seikhs, had fortified his own house (out of the funds of the Industrial Institution), and with the exception of the senior civilians, who refused to go, had all the gentlemen of the station to keep guard at his house at night. The Seikhs were much more useful for the suppression of disturbances in the town than the Europeans, because they could be, and were, employed in clearing the streets; whereas it was distinctly intimated that when the European soldiers were sent here, that in the event of a disturbance they were not to be allowed to enter the streets of the town, but were to be kept outside.

44. With Mr. Tayler's declamatory assertions, his theory of the rebellion, which he states to be patent to "the observing few," though it seems to be taken at second-hand from the Calcutta papers, or the policy he would pursue, which again is a *réchauffé* of the articles on the dominancy of race in the "Friend of India," it is not necessary that I should deal. I will merely remark that if Mr. Tayler really did believe, while he was Commissioner of Patna, that this mutiny originated in a gigantic Mahomedan plot, he is bound to account to the Government for having patronised Mahomedans, and confided in them, to the extent he did up to the time of his removal. Either (which I suspect is the truth) he did not believe in any such plot, and has merely adopted the theory now because it is a popular one, or he stands self-convicted of a dereliction of duty in employing and associating with a class of men who he believed were conspiring against the State.

45. It is not my province to deal with the insulting attacks which Mr. Tayler has made upon the Lieutenant Governor, but I cannot help adverting to some of the instances of disregard of his recommendations which Mr. Tayler charges as crimes on Mr. Halliday, because I have the best means, from my position, of knowing their utter absurdity.

46. Mr. Tayler says that, at the commencement of the outbreak, he proposed to raise a local force of infantry and cavalry, on the guarantee of the zemindars, and that this force would have prevented the defeat of the Seikhs at Gya,* the necessity of abandoning some of the stations, &c., but that the Lieutenant Governor weakly refused his sanction. This recommendation, if made at all, must have been made in a private form, for it does not appear upon the books of the Office. Sanction was at a later period, however, accorded to Mr. Tayler to raise a force of the description mentioned, and he had collected a wretched looking troop of about 40 or 50 men and horses before his removal, though no guarantee from their zemindars was, I believe, obtained in the case of any of them. Indeed, the zemindars have since informed the Commandant of the new cavalry levy, plainly, that they would not answer, after what has occurred, for their own brothers, if they entered the Government service. A small party of these men was taken out when Captain Rattray attacked the 5th Irregulars; some joined the enemy, and the rest, I believe, fled.

47. As to any number of horsemen raised from zemindarees in this neighbourhood, and drilled for two or three months, opposing themselves to the 5th Irregular Cavalry, the idea is simply ridiculous. If Mr. Tayler had succeeded in raising the corps he mentions at the commencement of the mutiny, it would only have furnished a cavalry force for the Dinapore mutineers, for, with the high opinion Mr. Tayler had of Kooer Singh's loyalty, it is certain that he would have got most of the men from his estates; indeed, Shahabad is the only district in this division which furnishes fighting men in any numbers. Why Mr. Tayler should suppose that the zemindars here, even if they were all well affected, must have more control over their men than Scindia and Holkar had over theirs, it is not easy to conceive.

48. The next attack on the Lieutenant Governor is with reference to the disarmment of the 5th Irregular Cavalry. Mr. Tayler says he offered to have the detachments at Chuprah and Dinapore knocked off their horses, but Mr. Halliday would not listen to his advice, and to Mr. Halliday is accordingly attributed the subsequent mutiny of the 5th, and the mischief therefrom arising. This recommendation, like the former, never appears to have been made in an official form, as there is no trace of it in the Office.

49. It gives a great idea of Mr. Tayler's energy and courage to read that he volunteered to knock a whole body of sowars off their horses! A more silly piece of rhodomontade, however, there could not be. There was only a small detachment of the 5th Irregulars in this division doing duty at Dinapore, and they could have been, and afterwards were, disarmed by the military at Dinapore without trouble or difficulty, but the position of the head quarters and detachments of the regiments in the Bhaugulpore district was very different. There were no European troops in their neighbourhood, and in the opinion of the officers on the spot, civil and military, none could be sent to disarm them without their being aware of it. They ultimately indeed, went off on the night on which I arrived at Bhaugulpore, from a suspicion that European soldiers

* The Seikhs were not defeated at Gya, as it happens.

soldiers were concealed in the flat attached to the steamer, and had been sent to disarm them.

50. Mr. Tayler, therefore, it will be seen, has no ground for stating that the 5th Irregulars could have been disarmed as he proposed, and his attack on the Lieutenant Governor is particularly dishonest in this, thas he leads the public to believe that the Lieutenant Governor had authority to disarm the Irregular Cavalry, whereas, as Mr. Tayler very well knew, he had nothing of the kind, such power being vested exclusively in the Governor General in Council.

51. The rebellion of Baboo Kooer Sing is attributed by Mr. Tayler to the Board of Revenue having threatened to throw up the management of the Baboo's estates unless he raised money within one month to pay off his debts, and to the Lieutenant Governor's neglect of his (Mr. Tayler's) urgent remonstrances against this order. "Anything more "ill-timed" Mr. Tayler "cannot conceive," for the order arrived "about a month "before the Dinapore mutiny, when every one knew that Kooer Sing was being "anxiously sought for as a leader by the Dinapore sepoys." Mr. Tayler, with that decision and foresight which characterises him, "lost no time in writing to the Lieutenant "Governor soliciting his interference," but "a doubtful answer of the stereotype "character" came, and "ten days afterwards Kooer Sing was at the head of 10,000 "rebels"!! There is one quality which I must give Mr. Tayler every credit for, and that is the possession of the most perfect audacity. One would think that when a subordinate officer brought grave charges, in a printed pamphlet, against the head of the Government, he would be very careful to make sure of his facts. Mr. Tayler, however, is above such petty considerations. He has made up his mind to win public applause at the expense of the Lieutenant Governor, and the facts and dates are manufactured, without scruple, for the purpose.

52. The *facts* of this little episode, taken from the official documents which are lying before me, are these. In April 1855, Government agreed to a proposal of the former Commissioner, Mr. Dampier, that in order to enable Kooer Sing to raise money from certain parties to pay off his liabilities, the Government should take the management of his estates. The parties to whom Kooer Sing principally looked for pecuniary aid in this matter were the now notorious heirs of the Peishwa, who were to have lent him 13 lacs of rupees. At the close of two years the Board found, from Mr. Tayler's report, that the negotiation regarding this loan was still dragging on. They, therefore, desired Mr. Tayler to intimate to the Baboo that, if the negotiation was not brought to a satisfactory issue within one month, they would be compelled to report that the arrangement had failed in its object, and to recommend the Lieutenant Governor to relinquish the management of the estates.

53. Now, at what time was this letter written? Was it, as Mr. Tayler says, an "ill-timed" production, written about a month before the Dinapore mutiny, when the Empire was reeling under our feet? Not so. It was written on the 6th of May, when everything in Behar was perfectly quiet, and only the first mutterings of the storm had been heard in other places.

54. Mr. Tayler received it on the 11th. Did he withhold it, or remonstrate with the Board or with Government; or endeavour to soften the blow to Kooer Sing? Nothing of the kind! He passed it on without a remark to the deputy collector at Arrah for communication to Kooer Sing. On the 22nd the deputy Collector forwarded an English petition from Kooer Sing, praying that the existing arrangement might be allowed to continue, mentioning that he had now no occasion for 13 lacs, as he had arranged with his creditors for a large portion of his debt, and had borrowed 3,14,000 rupees on bonds endorsed by the Collector, and stating that if the Government would now advance him four or five lacs of rupees at moderate interest his difficulties would be at an end.

55. Was Mr. Tayler so much impressed with the "danger of the crisis," or the importance of settling this matter, that he flung aside "the course of dilatory procedure" customary in his office, and rushed up to the Board or to Government with this petition, backed by an energetic appeal from himself? By no means! Mr. Tayler took the matter very coolly. He received the petition with the recommendations of the Collector and deputy Collector on the 8th of June, and allowed it to lie on his desk till the 30th of the same month, when he dispatched it with a few formal words recommending it to the favourable consideration of the Board.

56. What private communication Mr. Tayler may, after this period, have made to the Lieutenant Governor I am not aware, but he wrote nothing further publicly either to the Lieutenant Governor or the Board, and it is quite evident from the whole course of his public correspondence and proceedings, that he did not then view the case as one of any urgency, or involving any danger. On the 17th of July, the Board, in reference to Mr. Tayler's communication of the 30th ultimo, and to the Baboo's petition, called on Mr. Tayler to explain why he had authorised Kooer Sing to raise loans, and the Collector to endorse bonds, contrary to their instructions; and informed him that they did not admit such endorsements could bind the Government. This letter was received by Mr. Tayler on the 25th of July, the very day of the Dinapore mutiny, and has never been

been answered to the present hour. This is the whole correspondence which has taken place on the subject Mr. Tayler has brought so prominently forward, and the Government will judge in what light it places the strong assertions which are to be found on the 14th and 15th pages of Mr. Tayler's pamphlet. It will be seen that, whatever Mr. Tayler's private communications with Mr. Halliday may have been, his statements in the pamphlet are quite irreconcileable either with facts or dates.

57. Looking to Kooer Sing's negotiations with the Peishwa's family, and his relations with the Bhojepore sepoys, of whom a large portion were drawn from his estates, it is very probable Kooer Sing had been meditating rebellion for some time before the outbreak at Dinapore, but the consummation was undoubtedly hastened, not by the orders of the Board (which it is evident from his petition and the support it received from the local authorities he did not suppose would be carried out), but by the conduct of Mr. Tayler himself. About a fortnight before the Dinapore mutiny, Mr. Tayler wrote and invited Kooer Sing to Patna. He had previously invited the Wahabees to his house, and had arrested them when they obeyed the invitation. Kooer Sing, whose conscience, it is probable, was not very clear, obviously feared a similar act of treachery, and put Mr. Tayler off with excuses. The deputy Collector was sent to him to tell him that he *must* come, and he promised, but rebelled instead. After the victory at Jugdeespore, it was ascertained that he had sent a message round to his tenantry to say that the authorities intended to hang him, but that if each village would lend only three or four men it would save him, a rajpoot, and an old man, from dying by the hands of a Dome. If any Government officer, then, is to be blamed for the rebellion of Kooer Sing, the facts point to Mr. Tayler himself, and to Mr. Tayler alone.

58. I have now replied to all the attacks which Mr. Tayler has made in this pamphlet on the policy which has been pursued, whether by the Government or myself, in this province, and have shown them, I think, conclusively to be deserving of no other name than that of a pack of impudent and unprincipled libels.

59. I wish I could stop here, but the course which Mr. Tayler has pursued in exalting himself at my expense, and affirming that nothing but a policy which he declares to be antagonistic to that of the Government and myself could have saved Patna, that I am forced upon an examination of Mr. Tayler's claims to the extravagant praise which he bestows upon himself. "All competent witnesses hail me with united voice as the "protector of Patna." "The whole province say that the safety of everything is due to "me." "By God's blessing my measures were crowned with complete success." "If I "had not acted in direct opposition to the view which Mr. Halliday entertained, Patna, "if not the whole province, would have been ruined." "All my measures have been "productive of precisely the results contemplated." "The safety of Patna was secured "by the measures taken by me, in opposition to Mr. Halliday's views." Such are the few, and but a few, of the notes which Mr. Tayler loudly sounds upon his trumpet. He will prove, I fear, but another exemplification of the adage that "true merit is never "noisy."

60. When I leave the vague grandiloquisms of which Mr. Tayler is so fond, and inquire on what facts he founds his boast that he saved Patna, I find that they may be reduced within a very small compass. Mr. Tayler specifies five measures by which he conceives he secured the safety of the city of Patna. First, he compelled all the inhabitants to remain within doors after 9 o'clock at night. I have already shown what a very useless measure this was. Secondly, he disarmed the city. Thirdly, he detected and baffled conspiracies. Fourthly, he arrested the Wahabees. Fifthly, he hung or imprisoned the chief criminals.

61. I have no fault to find with the disarmament of the city, on the contrary I think it was a most prudent step; but to say, as Mr. Tayler does, that it rendered the dangerous and disaffected powerless, is simply nonsense. The disarmament was not carried far enough for that. There was a mere order to deliver up arms; 4,000 or thereabouts of all sorts were collected from a population of 400,000, of whom nearly every man has a sword, and all men of consequence number their weapons by the score. The peaceable and timid gave them up; men who possessed arms which they intended to use against the State, of course, hid them where they could find them again when they were wanted. The country around, where most of the budmashes resided, was not disarmed. Arms also could be introduced at any moment from the river, which flows along the entire face of the city, and the simple proof that the disaffected were not rendered powerless is that disarmament took place in June and Peer Ali's insurrection in July.

62. Mr. Tayler says that "conspiracies were detected and baffled." Now I deny that any conspiracies were detected and baffled by Mr. Tayler's means, and I challenge him to the proof. Mr. Tayler was called upon, the Lieutenant Governor will recollect, more than once to state explicitly what those plots and conspiracies were to which he was always alluding with vague mystery, but nothing explicit could be learnt from him. In a subsequent part of his pamphlet, Mr. Tayler claims credit for having defeated the plots of Ali Kureem and Peer Ali, which, with singular audacity, he says would have been matured had he adopted Mr. Halliday's views. These, therefore, must be taken to be the

conspiracies alluded to; indeed, no other conspiracies ever existed. Now the fact with regard to the first of these two cases is, that Mr. Tayler remained in utter ignorance of the plot until it was discovered by the magistrate of Tirhoot, entirely without communication with Mr. Tayler, and none of Mr. Tayler's measures were in any way connected, however remotely, with the discovery of this plot. In like manner, the plot of Peer Ali was fully matured under Mr. Tayler's nose, and exploded under his feet, without his having an inkling of it from any of the men in whom he trusted, or taking a single step to defeat it. That it was defeated was owing partly to the disappointment of the insurgents in finding that they were not joined by the townspeople, and partly to the cowardice of the people actually engaged in the disturbance, who fled on the approach of the Seikhs, terrified at their own act in murdering Dr. Lyell, and at the resistance they had already met with from two of the police (both their own co-religionists), who had killkd one of them, and severely wounded another. The measure of calling out the Seikhs was Dr. Lyell's own act, and the reinforcements dispatched from this were taken down to the city by Mr. Lowis, and not by Mr. Tayler. Mr. Tayler neither detected this plot nor had anything whatsoever to do with its defeat.

63. I have said Mr. Tayler had no warning of this plot from any of the men in whom he trusted, but he had warning from the very men that he *distrusted*. About a fortnight or more before the outbreak, Moulvee Aoli Ali, one of the principal Wahabees in this neighbourhood, mentioned to Mr. Tayler that he had heard from his sons, who are hakeems (physicians) in the city, that there was danger of a disturbance, though in what quarter they had not learnt. Mr. Tayler, however, informed him that the arrangements of the Sircar (meaning myself) were so good that any disturbance was impossible. A few days afterwards the principal Wahabees, who are bitterly disliked by the Mahomedans, who were Mr. Tayler's friends and counsellors, were all seized at a conference to which they had been invited, and placed under arrest; Aoli Ali was amongst the number. Further information could not therefore be furnished by him. One of the oldest men of the sect, however, had been permitted on account of his age and infirmity to remain at large, and the day before the outbreak he gave notice to Mr. Tayler of Peer Ali's intentions. Mr. Tayler sent the man who brought the message over to Mr. Lowis, the magistrate, with a note in which he expressed an opinion the informer was a "sham." Mr. Lowis, a young and inexperienced officer, was naturally influenced by the opinion of his superior, thought little of the matter, and after questioning the messenger and taking down his statement, sent him back to Mr. Tayler with a verbal message which does not appear to have been delivered. Mr. Tayler, supposing, as he says, that the information had proved untrue, allowed the man to depart without further inquiry, and the outbreak accordingly took place. Mr. Tayler, therefore, it will be seen, not only did not detect or baffle this plot, as he alleges he did, but neglected the means of doing so which were profferred to him.

64. He takes credit, however, for his energy after the outbreak. He "hanged or "imprisoned the chief criminals." That I presume every judicial officer would do, if the guilt of the prisoners sent before him for trial was established. Mr. Tayler either means therefore that he did this, in which case it is not easy to see in what his merit consists, or that he hung and transported people whom other judges would have acquitted. This last hypothesis, lamentable as it is, is probably not far from the truth.

65. The general belief amongst the respectable in the town always has been that the majority of the men executed for complicity in Dr. Lyell's murder were innocent; and the approvers, on whose evidence chiefly they were condemned, deposed not long ago, as you will recollect, before Mr. Fergusson, the magistrate of Alipore, that they had been compelled by Moula Bux, the deputy magistrate, to give false evidence against particular parties, on a threat of being hung themselves if they refused. It is impossible to say what truth there may be in this, but it is certain that Mr. Tayler placed himself entirely in the hands of the deputy magistrate, Moula Bux, in regard to these trials.

66. When the murderers fled on the occasion of Dr. Lyell's murder, they left behind them on the ground two men; one had been shot dead by the Darogah, Syudoodeen, and was recognised; another had been severely wounded by a sowar, and was conveyed to the Seikh Hospital. When first questioned by the magistrate, as he lay on the ground, he said he was the servant of a Lucknow Begum, but he was subsequently found to be a man of the name of Imamoodeen, who had been formerly engaged in the book trade in Patna, but had left that city some six months previously. When questioned at the hospital by the magistrate, he admitted having been engaged in the disturbance, and named the Deputy Magistrate, Moula Bux, and Vilayut Ali Khan, Mr. Tayler's particular friends, as the instigators of the outbreak. Mr. Lowis also was informed in the city, at the time of the outbreak, that some of Moula Bux's servants had been recognised amongst the rioters, though this was not afterwards corroborated.

67. The deposition and the information were very probably alike false; but any one who reads the diatribes in which Mr. Tayler, in his anxiety to conciliate popular favour, has indulged against the Mahomedans, and his deliberate avowal that he and "an observ-

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"ing few" are convinced that we owe this mutiny to a Mahomedan plot, will not be a little astonished to learn, that, notwithstanding the charge brought by the wounded prisoner against Moula Bux, the whole investigation of this case was committed to his hands. He arrested whom he pleased, and released whom he pleased; the evidence of the witnesses was taken by him, and on this evidence, without any fresh examination of the witnesses in the presence of the accused, some 14 men were condemned to death and executed.

68. This Moula Bux is a man who has resided long in Patna, and has numerous friendships, enmities, and business transactions in the place. The outbreak was clearly the work of Mahomedans, for in front of the rioters was carried a banner on which was inscribed a verse of the Koran. To select a Mahomedan then to conduct the investigation into this case, one, moreover, who had himself been named as the instigator of of the affair, and to trust so implicitly in this man as to send men to death upon the evidence which he chose to put upon record, does appear to me, to say the least of it, a very singular instance of want of judgment. Nor can it be a matter of astonishment that, under these circumstances, people doubt very much whether, with one or two exceptions any person concerned in Dr. Lyell's murder has really been apprehended and punished.

69. A very striking fact is, that although several of the men apprehended made *quasi* confessions, the real origin of the conspiracy, its ramifications, and the mode in which it was managed, are all still matters of conjecture. Efforts were of course made to implicate Lootf Ali Khan, the enemy of Yilayut Ali, but they entirely failed, and it is at the present day quite uncertain who the real instigators of the plot were, and whether it originated in Patna or Lucknow, though the probability seems to be in favour of the latter hypothesis. This would hardly have been the case if all those who were apprehended and confessed to this charge had been really guilty. It is matter of grave doubt, therefore, whether Mr. Tayler's exultant exclamation, that "even the Mahomedan "Commissioner could not restore to life the scoundrels he had hanged," ought not to be converted into a sincere wish, for Mr. Tayler's sake, that he had possessed this power. Certainly in no point of view can Mr. Tayler's conduct after the outbreak be said to have justified the extravagant eulogium which he himself has passed on it.

70. With regard to the arrest of the Wahabees (or rather the people called Wahabees, for they repudiate the title, and their tenets differ, in many respects, from those of the Arab Wahabees), it is only necessary to say that there is not the slighest proof that any danger was to be apprehended from this sect, the members of which are principally dirzees, bheestees, and industrious people of that class. They are detested by the orthodox Mahomedans, and have always been remarkable for their peaceful demeanour. The manner in which some of the most respectable men amongst them were arrested, when attending at the Commissioner's house on an apparently friendly invitation, was ill calculated to give a favourable impression of English good faith; and had the Wahabees been inclined to rise, this act would in all probability have had the effect of hastening the movement. Mr. Tayler indeed talks of the men he arrested, as the Wahabee leaders, but they were mere book men, and had the sect been inclined to fight they would assuredly have selected other leaders.

71. There is no doubt Mr. Tayler was incited to the arrest of the Wahabees by the counsels of Moula Bux Vilayut Ali Khan, and the other Mahomedans of the orthodox sects who had his ear. These men, although employing spies of their own persuasion (who were never paid and who consequently lived upon the people), and although possessing ample means of knowing what was passing in the city, never gave Mr. Tayler any hint of the conspiracy which was in progress; and this is the more remarkable, because for a considerable time prior to the outbreak Peer Ali had been making a daily allowance to a considerable number of men, who had promised to join in the disturbance. The Wahabees did give information. There is no pretence that any Wahabees joined in the insurrection. The rioters apprehended were all orthodox Mahomedans. Without positively affirming the fact therefore, which must be matter of conjecture, I confess a doubt has often occurred to me as to whether there may not have been some truth in Imamoodeen's first confession, and whether Mr. Tayler was not worked upon to arrest the Wahabees, simply in order to get out of the way men who were likely to interfere with the plans of the conspirators. There is at least, it will be seen, some ground for this hypothesis. There is none for attributing seditious designs to the Wahabees. Amongst the letters found in Peer Ali's house, is one in which the writer says, that they must conciliate all men, "even the Wahabees," showing that they had not hitherto succeeded in doing so, and in another, he mentions that he had written one of the Wahabees a letter which, though ambiguous, a wise man would understand; but there is no trace of any letters from or communications with the Wahabees, nor is it anywhere hinted that their assistance had been secured.

72. Mr. Tayler pretends, in order to justify *ex post facto* his apprehensions of the Wahabees, that the old man I have mentioned would not have given information if his relations had not been imprisoned, and relates a dramatic scene between himself and the Wahabees, in which he told the old man and his sons that their lives were in each other's hands. I need not say this is all pure romance. Natives who have resided all

their lives at a large Sudder station, in familiar intercourse with Englishmen, know perfectly well that we do not indulge in vicarious punishments. The families of Ali Kureem, Nishan Sing, and other rebels, not only reside in these districts without fear, though the heads of their respective families are in rebellion against us, but appear in Court, and contest the confiscation of their estates, without a thought that they are endangering either their lives or their liberties by so doing.

73. On the whole, therefore, the measures of which Mr. Tayler boasts do not seem very well adapted for the salvation of Patna. Some of them are of trifling importance, others are imaginary, and the rest were much more likely to create a disturbance than to allay one.

74. Mr. Tayler's assertions, that he was "removed in the very zenith of a successful "administration," that "his measures were crowned with complete success," &c., simply prove that Mr. Tayler's notions of a successful administration are widely different from those of other people. What was the state of affairs when the order for Mr. Tayler's removal issued? Four districts, out of the six entrusted to his care, abandoned to any one that might choose to occupy them, one in the hands of the rebels, and Patna itself so insecure that when the fugitives from Gya arrived they found that Mr. Tayler had packed up his property preparatory to flight, and taken a house at Dinapore to which he had sent his family, the respectable inhabitants of the city of Patna irritated and discontented, their women sent off, their jewels buried, all trade stopped: this is what, it seems, Mr. Tayler understands as the zenith of a successful administration! Had it not been for the providential victory of Major Eyre, which event took place after his removal, but before the order reached him, for the unexpected good conduct of the people in Tirhoot, Chuprah, and Chumparun, and the prompt reversal of his orders by the Government in Calcutta, Mr. Tayler's administration would have closed as disastrously as any in our Indian annals.

75. But Mr. Tayler says that his success is testified to by the whole province, that the unanimous voice of all classes in Behar is in his favour, and that his success is certified by all competent witnesses. This is another of those flowers of rhetoric which tumble to pieces when they are handled. Who are competent witnesses to the manner in which a Commissioner performs his duty? Except the Government which he serves and the officers in immediate official contact with him, it is certain, that owing to the manner in which business is conducted in this country, and to the fact that the general European community know nothing of official proceedings except what they are told by officials themselves, or learn through Natives, who almost invariably suit their opinions to their audience, few indeed can tell what a Commissioner's measures really are, or to what extent he is exerting himself. No better exemplification of this fact can be found than the effect which the pamphlet published by Mr. Tayler at the time of his removal appears, from the letters appended to it, to have produced on many gentlemen of undoubted respectability. Most of these letters, it is true, were private notes not intended for the public eye, and the writers of several of them have been much annoyed that conventional expressions of sympathy or regret called forth by Mr. Tayler's own letters, and not intended for any other eye than his, should have been published to the world without their authority as proofs of their approval of his general policy, but still, making every allowance for this, sufficient remains to show that many gentlemen resident in this neighbourhood considered Mr. Tayler's defence a good one, and believed all that he stated of his own measures and his own policy to be unanswerable. The Government did not. The senior civilians at the station did not. What was the cause of this difference of opinion? Why, simply that the Government and Mr. Tayler's fellow civilians saw the omissions and the glosses which were employed to make a good case out of a bad one, while those who were not behind the scenes very naturally took Mr. Tayler's facts as they stood.

76. While the latter were applauding Mr. Tayler to the echo, a retired civilian who had known Patna for some 40 years and had property in the station, as he stated, of the value of two lacs of rupees at stake, laid before the Government of India a memorandum of the causes of the dangers which at the time menaced this city, in which he traced these dangers, principally to Mr. Tayler's ill-judged measures. Which was the most competent witness, this gentleman of acknowledged ability, thoroughly acquainted with the character of every man of any mark in Patna, and able from long official experience to judge of the effect of Mr. Tayler's measures, or the military men, clergymen, and others, residing at distances of from seven to fifty miles, and without access to authentic sources of information, whose favourable opinions Mr. Tayler has been at the pains to collect and publish?

77. There is no doubt that Mr. Tayler will be able to furnish abundance of testimony similar to this last in favour of his present pamphlet, and from precisely the same causes. What stranger is there who reads the stories in this pamphlet about Kooer Sing, the 5th Cavalry, Mr. Tayler's detection and suppression of plots, &c., &c., that would not rise from its perusal with the impression that in wisdom, courage, and energy, Mr. Tayler was a perfect Bayard, who was being hunted to death by a weak unworthy Government, jealous of his great success. Those who are in a position to test the value of these stories, and to know what Mr. Tayler really did, are apt to regard him, on the contrary, simply

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as a man of inordinate vanity, singularly bad judgment, and utterly unscrupulous, venting his spleen on every one around him who is not inclined to take him at his own estimate, or who interferes in any way with the spurious claims he sets up to the saviour-ship of Behar.

78. The public believe Mr. Tayler to be the stern foe of the Mahomedan race, and imagine that the Government, in appointing a Mahomedan as Assistant to the Commissioner of Patna, were desirous of marking their disapproval of the conduct which Mr. Tayler had pursued towards the followers of the Prophet. This is natural enough, for Mr. Tayler himself had done his best to keep up the delusion, and no one has felt sufficiently interested in the matter to take the trouble of setting forth the truth. Those who know anything of Mr. Tayler's official life are well aware that he is, probably without exception, the most noted patron of Mahomedans in the whole Civil Service. Nujeemoodeen, whom he persuaded the Bettiah Rajah to employ as Dewan, and Nujeemoodeen's whole family; Vilayut Ali Khan, the nephew of Lootf Ali, who took a house to enable him to be in constant attendance on Mr. Tayler during these disturbances; Moula Buksh, who resided in Mr. Tayler's compound, to whom he entrusted the entire preparation of the political cases, and on the faith of whose proceedings he condemned men to death; Altaff Hossein, Reza Hossein, and some half-a-dozen other Mahomedans were the favoured *protégés* of Mr. Tayler, and the persons whom he most strongly recommended both to the Government and myself.

79. Then, again, the public no doubt put faith in the statements of the Patna correspondents of the newspapers; imagined these correspondents, probably, to be independent gentlemen who had peculiar means of information. Those who are better informed know that the persons who worked the press from this place, on Mr. Tayler's behalf, were men in a position of life which gave them little other command of information than what the common bazaar gossip supplied to them. I do not recollect to have seen a single fact correctly stated by one of those men, and many of their stories were pure inventions.

80. When a clever man, in a prominent situation, such as that which Mr. Tayler occupied, condescends, cap in hand, to seek the suffrages of the public, and supports his claims by the wholesale misrepresentation and barefaced clap-trap which characterise this pamphlet, he will no doubt succeed with ease in deceiving many for a time, but the day soon comes when the rottenness of a reputation so acquired becomes patent to every one; the hero of the hour is transformed into the charlatan, and his humiliation becomes all the more painful from his temporary elevation. That such will be the fate of Mr. Tayler I have no doubt. But in the meantime I ask the Government if this officer is to be permitted to deal with impunity in the misrepresentations and mis-statements regarding official transactions which I have exposed. I think that I do not demand too much, when I submit that in justice to me, and in justice to the Government itself, he should be compelled to withdraw every copy of this pamphlet from circulation, to retract the mis-statements it contains, and to apologise for having written it.

81. If it be thought that my strictures on Mr. Tayler's proceedings, and my remarks on his statements, are too severe, I trust it will be remembered that for six months past I have been compelled to submit, in silence, to anonymous calumnies and misrepresentations similar to those which Mr. Tayler has now been so incautious as to publish under his own name, and that I owe the attacks which have been made upon me during that time chiefly to the misrepresentations of Mr. Tayler and his partisans. Those who recollect the manner in which I have been assailed will not be surprised, that when Mr. Tayler himself steps forward in person, and picks up the dishonourable weapons of his anonymous friends, I have not thought it necessary to measure my blows or to treat him with a courtesy which I feel that he does not deserve.

I have, &c.
E. A. Samuells,
Commissioner of Revenue.

EAST INDIA (MR. W. TAYLER'S PETITION).

COPY of a MEMORANDUM drawn up by Sir *Frederick J. Halliday*, K.C.B., a Member of the Council of the Secretary of State for India, upon the PETITION presented to this House by Mr. *W. Tayler*.

(*Mr. Edward Stanhope.*)

Ordered, by The House of Commons, *to be Printed,*
24 *June* 1879.

[*Price* 8 *d.*]

238.

Under 6 *oz.*

MR. WILLIAM TAYLER.

RETURN to an Address of the Honourable The House of Commons, dated 17 July 1879:—*for*,

"COPIES of MEMORIAL presented to the Duke of *Argyll*, Secretary of State for *India*, on the 13th day of October 1868, by Mr. *William Tayler*, formerly Commissioner of *Patna*:"

"And, of DESPATCH from Government of *India*, inclosing Copy of a LETTER from Mr. *William Tayler* to the Secretary of the Government of *Bengal*, dated the 3rd day of April 1858."

India Office,
18 July 1879.

EDWARD STANHOPE,
Under Secretary of State for India.

(*Sir Eardley Wilmot.*)

Ordered, by The House of Commons, *to be Printed*,
22 *July* 1879.

BOMBAY BRANCH
OF THE
Royal Asiatic Society.
CLASS

COPIES of MEMORIAL presented to the Duke of *Argyll*, Secretary of State for *India*, on the 13th day of October 1868, by Mr. *William Tayler*, formerly Commissioner of *Patna*:—And, of DESPATCH from Government of *India*, inclosing Copy of a LETTER from Mr. *William Tayler* to the Secretary of the Government of *Bengal*, dated the 3rd day of April 1858.

To the Right Honourable the Secretary of State in Council.

The Humble MEMORIAL of *William Tayler*, Esq., Retired Bengal Civil Service, late Commissioner of Patna,

Sheweth,

That on the 3rd of December 1867, your Memorialist submitted to the Right Hon. Sir Stafford Northcote a memorial, praying, on the grounds therein set forth, for a public and suitable recognition of his services as Commissioner of Patna in 1857.

The official correspondence, which is annexed, will show the position in which your Memorialist now finds himself.

That position appears to be this, viz.: that whereas, on the one hand, many of the most able and distinguished public officers (including a member of the Supreme Government of India, who concurred in your Memorialist's condemnation) have, in entire accordance with the universal testimony recorded at the time, openly and emphatically borne witness to his services during the terrible crisis of 1857: thus supplying a body of unexceptionable evidence, which would, according to all precedent, entitle him to special distinction from Her Majesty; and whereas the Right Hon. the Secretary of State, Sir Stafford Northcote, has himself endorsed this testimony, and recorded his opinion that your Memorialist (instead of removal from office) deserved the thanks of the Government in 1857, nevertheless, because your Memorialist was removed by the Indian Government from his office for a single (supposed) "error of judgment," the Secretary of State finds it impossible, while that order stands unrepealed, to recommend your Memorialist to the Queen for special distinction.

Under these circumstances, your Memorialist, feeling assured of the righteousness of his cause, and the justice of the authority to which he now appeals, and being confident that the facts which he now lays before the Right Hon. the Secretary of State in Conncil will satisfy him that the former decision of the Government was based on insufficient data and imperfect information, solicits, as an act of common justice, a reconsideration of the whole question of his removal, to be investigated by the light of the facts which have been *subsequently developed*, and in connection with the documentary evidence now submitted.

Your Memorialist will not encumber this memorial with many words, but will content himself with briefly stating the grounds on which, after so long a time, he now seeks a reconsideration of the decision of Government, annexing in Appendices the documents to which he would wish a reference to be made in connection with the arguments adduced.

The following, then, are the grounds of your Memorialist's application, viz.:—

First. That the Lieutenant Governor, having in another matter totally unconnected with the mutinies, treated your Memorialist with great impropriety and unfairness, *had predetermined to transfer him from Patna before the rebellion broke out*, and was only prevented from carrying out his purpose by the interposition of the Governor General—a significant fact,

to which your Memorialist solicits particular attention, as casting a strong light upon the subsequent action of Mr. Halliday. (*Vide* App. A.)

Secondly. That at the time this order was confirmed, the Members of the Supreme Government did not appreciate the true condition of Patna, the feelings of the people, or the dangers to be apprehended from the fanatical sect of the Wahabees; and that, in consequence of their mistaken views, and inadequate apprehension of facts, they viewed with disapprobation many of the measures of precaution as well as of active repression which your Memorialist adopted; those very measures which are now acknowledged to have been, as stated by Sir John Low, "of immense value "to the Government of India;" measures which are declared by Sir Herbert Edwardes to have "paralysed the whole sect of Wahabees at the "moment at which they could and would have struck a heavy blow against "us," and for which, the Secretary of State has himself recently declared, your Memorialist "deserved the thanks of Government," but which the Lieutenant Governor, notwithstanding the information supplied by your Memorialist, and in spite of the most obvious proof of disaffection and danger, represented as mischievous and ill-judged. (*Vide* App. B.)

Thirdly. That it is notorious and beyond dispute, that *this disapproval of your Memorialist's general measures, caused by the representations of the Lieutenant Governor, influenced the Governor General in Council in confirming the order for your Memorialist's removal;* and that in consequence of this disapprobation, and the prejudice consequent upon it, the Governor General was induced to regard the supposed error (as rightly discerned by Sir S. Northcote) with greater severity than he otherwise would. Whereas, had he not so disapproved them, he would, doubtless (as Sir J. Low himself declares), have considered the mere intimation of the opinion of Government sufficient to meet the case. (*Vide* Sir J. Low's letter of the 30th July 1868.)

Fourthly. That since 1857 events have occurred, which have indisputably proved that, whereas the Government was mistaken in its estimate of the crisis, the views of your Memorialist were accurate, and his measures of the last importance to the State.

The individual whom he arrested as the most dangerous man at Patna, and whose arrest was charged against your Memorialist as an offence by the Lieutenant Governor, has since, under judicial inquiry, been proved to be the chief leader of treason which extended over the whole of India; and the city of Patna, where the Lieutenant Governor declared there was "no danger," has been shown to have been for years past the centre of disaffection, and the city to which the mutinous regiments referred for instructions as to the disposal of English ladies! (*Vide* proceedings on the trial of the Wahabees at Umballa and Patna; also letter from Dr. Paton, of the 3rd March 1863.)

Fifthly. That Dewan Mowla Buksh, the deputy magistrate of Patna, your Memorialist's official subordinate and confidential coadjutor, who was suspected and dishonoured by the Lieutenant Governor at the time, has since, in open reversal of Mr. Halliday's views, and in accordance with the emphatic eulogy recorded by your Memorialist, been decorated by Her Majesty with the "Star of India," while Molvee Ahmed-oolla, regarded as an inoffensive "gentleman" by the Government, has been sentenced to transportation for life.

Sixthly. That besides the prejudice created in the mind of the Governor General in Council by his disapprobation of your Memorialist's general measures, still further disfavour was caused by the idea that (to use the severe expressions of Lord Canning) your Memorialist had exercised a "mischievous interference" with the military authorities, issued an order "quite beyond his competency as Commissioner," and exhibited "great "want of calmness and firmness" in ordering Major Eyre not to advance to the relief of Arrah, a proceeding which Lord Canning stated that he "could not too strongly condemn;" but that this idea, *which excited the strongest prejudice in the minds of the Supreme Government against your Memorialist,* and greatly influenced its judgment, has since, and is now admitted

admitted by Sir John Low to have been, "incontestibly proved" to be incorrect. (*Vide* App. C.)

Seventhly. That the Supreme Government was still further moved and prejudiced against your Memorialist by the representations of the Lieutenant Governor, who wantonly charged your Memorialist with having issued the order for withdrawing the civil officers from Tirhoot and Gya "under a panic;" a charge which your Memorialist need hardly say *had no foundation whatever*, and which the Lieutenant Governor was not warranted in making, inasmuch as your Memorialist, when issuing that order, drew up a careful and deliberate minute, in which he recorded the reasons and principles which actuated him; and this minute, which reduced the charge of "panic" to an absurdity, was in the hands of the Lieutenant Governor when he recorded his charge. (*Vide* App. D.)

Eighthly. That subsequently, after your Memorialist had submitted his explanation, the prejudice and disfavour of the Supreme Government was still further increased against your Memorialist by the representations of the Lieutenant Governor in regard to your Memorialst's supposed communication to Major Eyre; representations still less warranted than those last referred to, inasmuch as Mr. Halliday, though *well aware at the time that your Memorialist had written one letter only, and that that letter was addressed, in the course of his obvious duty, to the civil officer with the relieving force*, nevertheless recorded statements regarding that communication which, while they were highly prejudicial to your Memorialist, were at the same time totally incorrect. These statements were:—

1st. That "panic" was apparent in the letter.

2nd. That the order was "reiterated and urgent."

3rd. That it was an order "not to attempt the advance," to the relief of Arrah.

Each item of this serious charge your Memorialist submits was unfounded, for—

1st. No "panic," but calm forethought, was apparent in the letter.

2nd. The order was *not* reiterated, for *one* letter only was written, not urgent, but suggestive.

3rd. It was not an order "not to attempt the advance," but a suggestion *to the civil officer, in reply to advice asked for*, to advance by another route to render success more certain.

Your Memorialist appeals to the Secretary of State in Council to say whether anything more unfair, or more calculated to prejudice the Supreme Government against your Memorialist, could possibly have been indited, and whether *the judgment formed under such misrepresentations could possibly be unbiassed.* (*Vide* App. E.)

Ninthly. That the Supreme Government was still further unfairly and unwarrantably moved to the prejudice of your Memorialist by the statement of the Lieutenant Governor that he had been guilty of blameworthy reticence towards him, had "concealed his acts and intentions," and had written meagre and unsatisfactory *private* notes instead of formal and official reports.

Your Memorialist now submits that all these accusations, like the rest, were without foundation or reason, and have, he regrets to say, obtained acceptance with the Government and Court of Directors, *through misrepresentation, and the unfair suppression of important documents necessary to enable the authorities to form a sound and equitable judgment on the facts!* (*Vide* App. F.)

And this question your Memorialist submits is one of no slight importance, inasmuch as the charge was partially endorsed by the Court of Directors on the imperfect evidence placed before them, and has lately been set forth by Sir Stafford Northcote as the principal obstacle which interfered with his recommendation to the Queen.

Your Memorialist cannot doubt that the several memoranda annexed to this memorial, with the papers appended, will satisfy the Right honourable Secretary of State in Council that your Memorialist's allegations are throughout correct,

and satisfactorily establish the fact, that on all the points noticed, the mind of the Governor General in Council was unfairly prejudiced against your Memorialist, and that impressed with the feelings created by the misrepresentations thus urged upon him, and acting on the mistaken conviction that there was no disaffection or danger at Patna, he did what is morally impossible he could have done under different circumstances.

For your Memorialist submits that history does not afford a precedent where great political services have been outweighed by a single "error of judgment," even when indisputably proved; more especially when the act supposed to be erroneous was committed with the best of motives, on deliberate calculation of events, and for important objects, by an officer responsible for the safety of a province and the lives of his fellow-men, and at a crisis which gave no time for hesitation.

But your Memorialist must not omit to point out that the arguments hitherto adduced *are all based on the assumption* that this order was in fact an error; but he trusts that he may, in conclusion, observe that this very question is materially affected by the discoveries which, since 1857, have cast such strong light on the state of the province.

If the Supreme Government had been right in its belief that (as declared by the Lieutenant Governor) there was "no danger at Patna," that the Wahabees were (as declared by Mr. Samuells, with the approval of the Lieutenant Governor) inoffensive "bookmen," from whom no danger was to be apprehended, they might have been right in viewing your Memorialist's precautionary order, as they viewed his repressive measures, with disapproval.

Had they more fully appreciated the danger of the crisis—had they known what now is known of the extent and malignity of Wahabee intrigue—that Patna was the centre and focus of treason which extended throughout India, and that a Patna syndicate was the authority consulted by the mutinous regiments, they would have more fully sympathised with the awful responsibility of your Memorialist, and more correctly estimated the act which they condemned.

Furthermore, your Memorialist may be permitted to observe that those who pronounced this particular order to be an error of judgment, have never contemplated the measure from any other view than that which presented itself *after the victory of Major Eyre*, when the whole state of affairs was suddenly and unexpectedly changed.

Your Memorialist looks in vain for any contradiction to his oft-repeated statements that he had no reasonable ground for calculating on the success of Major Eyre, and that if he had been defeated, the concentration of our small available force on the river bank would not only have been proved to be *no error of judgment*, but the only measure which could have saved the province from being over-run by the rebels, prevented the massacre of every Christian in the outlying stations, and maintained our communications with the Upper Provinces, Cawnpore, and Lucknow. Your Memorialist respectfully but firmly reiterates this statement, and challenges the reply which has never, to his knowledge, been yet vouchsafed to it.

Should, however, the Secretary of State in Council be still pleased to pronounce *this single precautionary order* an error, your Memorialist confidently submits that under the circumstances which have since so clearly established the value and importance of your Memorialist's action, the Secretary of State in Council cannot, with any justice, allow this single error to outweigh his services, or to debar him from their just reward.

Sir R. Montgomery, K.C.B., late Lieutenant Governor of the Punjab.
Sir J. Low, K.C.B., late Member of the Supreme Government.
Sir H. Edwardes, K.C.B.
Sir A. Phayre, K.C.S.I.
The Hon. E. Drummond, late Lieutenant Governor of Agra.
Colonel C. Mackenzie, C.B.
Sir A. Cotton, K.C.B.
General Jacob, C.B.
Hon. G. Talbot, late Private Secretary to Lord Canning.

If the opinions recorded by the distinguished officers named in the margin are correct, your Memorialist feels confident that the Secretary of State in Council will not allow such a principle to go forth with his sanction to the world, that an old and faithful servant of Her Majesty, who, amidst unusual difficulties and at a great national crisis, rendered services which have called forth eulogies from such men as these, is to be doomed, without redress or compensation, to contumely, disgrace, and pecuniary loss, because he shared the lot of common mortals, and committed, what is by some supposed to be, an error of judgment.

Your Memorialist now submits that the evidence annexed to this memorial will establish beyond contradiction or dispute that a great failure of justice has taken

taken place; that his accuser, who for other reasons was anxious for your Memorialist's removal, not only misrepresented many of the most important incidents, *but also withheld important evidence from his judges;* that his judges were more or less influenced and misled by these misrepresentations and suppression, as well as by their mistaken political views, which induced a disapproval of your Memorialist's general actions, and had neither, therefore, the materials before them to form a sound, equitable, or righteous judgment in the case, nor that impartial and unbiassed state of mind towards your Memorialist, which is an essential pre-requisite to just decision.

Your Memorialist now therefore prays that the condemnation passed upon him by the Supreme Government, under which his removal from the Commissionership of Patna was confirmed, may be cancelled; that, in consideration of his proved good service, he may be recommended to Her Majesty for honorary distinction, and that pecuniary compensation may be awarded to him for the ruinous losses entailed upon him by his long suspension from office, and subsequent degradation to a lower appointment in the service.

And your Memorialist shall ever pray, &c.

69, Princes Gate. (signed) *William Tayler.*

APPENDIX (A).

THE history of my scheme for the establishment and maintenance of an "Industrial Institution" at Patna, and the extraordinary controversy which, through the machinations of the "Patna Cabal," arose therefrom, is given in the second chapter of Part I. of my Narrative, "Magna est veritas."

Waiving for the present the question of whether I or Mr. Halliday were right or wrong, and setting aside the complicated subject of the subscriptions raised (with other collateral matter which I shall, if necessary, discuss hereafter when I obtain important papers hitherto unaccountably withheld from me), I proceed to show that, *even in the opinion of Mr. Halliday's own special friend and political associate, Mr. E. A. Samuells, he had treated me, before the outbreak of the rebellion, with extreme indignity and unfairness, while his brother-in-law, one of the Patna officials, had wantonly aspersed my character.*

The subjoined extracts from letters of Mr. Samuells, the officer whom Mr. Halliday selected to succeed me at Patna, and carry out his own peculiar views, will afford conclusive proof on these points, and will, if I mistake not, cast a strong light on Mr. Halliday's subsequent dealing with me, exposing, as they do, the *personal hostility with which he was animated,* hostility by no means diminished by the fact that his intentions were baffled by Lord Canning's interference.

This point is, I submit, of *extreme importance* in connection with Mr. Halliday's *charges, and the representations through which he obtained the concurrence of the Supreme Government in my removal.*

The papers, in fact, show the action, if I may so speak, of an *enemy* carring out a preconceived purpose of personal hostility, and not the action of a Governor actuated by just, impartial, and public motives.

If *justice* is to be done, and the honour of Government to be sustained, *this question* must, in common fairness, be duly weighed, and gravely considered.

No. 1.

EXTRACT.—From *E. A. Samuells,* Esq., to *William Tayler,* Esq.

My Dear Tayler, 27 May 1857.

I HAVE read with much interest the letter to Halliday which you sent me last week, and your private letter to Gordon Young, which I have just received. I did not advert in my former letter to the matter of the subscriptions to which these papers relate, because I had then no information regarding it. The impression left on my mind by a perusal of the correspondence I may briefly state as follows:—

Firstly. The correctness of the general principle which you lay down as to the propriety of inducing wealthy natives to expend their money on works of public utility, and assuring them of the approval of the ruling authority in the event of their doing so, is quite undeniable.

If I am not mistaken you will find the principle distinctly enunciated in the notice or circular which the Government issued when they commenced the publication in the

Gazette of the names of those who had assisted or subscribed to public undertakings during the preceding year.

Secondly. I gather from your letter that you have kept Halliday fully informed of every step you have taken in this matter, and notified to him, from time to time, the amount of the subscriptions you have succeeded in obtaining from the different individuals who have contributed to your scheme. That being the case, it was his duty to have interfered at the time, if he thought you were pressing too hard on the subscribers. To allow you to go on, and to express his tacit, if not his active, approval of your proceedings, so long as they excited no opposition, and then, at the first breath of popular clamour, to discredit an officer in your high position, by issuing a proclamation as that you mention, and directing the judges to report upon your conduct (for in fact it amounts to that), was unquestionably most injudicious, to use a mild phrase, in the Lieutenant Governor, and most unfair to you.

* * * * * *

Yours, &c.
(signed) *E. A. Samuells.*

No. 2.

EXTRACT.—From the same to the same.

My Dear Tayler, Calcutta, 3 June 1857.

WE* all think you would be justified in demanding that Garrett should be required to prove that he had a valid foundation for his "conscientious belief," and that he has not been aspersing your character upon light grounds. Your letters both to Garrett and Halliday are quite proper, and Garrett, in my opinion, cuts a very poor figure in the correspondence.

Yours, &c.
(signed) *E. A. Samuells.*

No. 3.

EXTRACT.—From the same to the same.

My Dear Tayler, Calcutta, 11 June.

* * * * * * *

YOU have, of course, heard ere this, that Halliday has removed you to Burdwan.† After the pains he has taken to destroy your influence at ‡ Patna, it was probably the only course left him.

* * * * * *

Yours &c.
(signed) *E. A. Samuells.*

APPENDIX (B.)

LITTLE need be said to establish this allegation which has now passed from the region of conjecture into the domain of history.

But it concerns me to point out one remarkable fact in connection with this particular subject.

At the first outset of the disturbance, I had in my communications with the Lieutenant Governor expressed a hope that disaffectation would not spread beyond the army; but on the 7th of June this hope was dispelled, Our own civil guards were discovered in communication with the Dinapore sepoys, and from secret information, as well as from the attempts made to tamper with the seikhs (who reached Patna that night), I clearly saw that intrigue was rife in the city.

I reported these circumstances to Mr. Halliday on the 8th June.

In reply, Mr. Halliday wrote, ignoring, in spite of what had occurred, all idea of danger at Patna, and declaring that the mutiny of the sepoys was, in the presence of the European force, "inconceivable."

Neither my letter of the 8th, nor Mr. Halliday's reply of the 13th, has been inserted in the Blue book which Mr. Halliday printed (after he had struck his first blow), for the obvious purpose

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* *I.e.*, evidently all those living together, viz., A. Young, Mr. Halliday's secretary, E. A. Samuells, and C. Beadon, Secretary to the Government of India.—*W. T.*

† This had nothing to do with the rebellion.—*W. T.*

‡ That is, in the matter of my scheme of Industrial Education.—*W. T.*

purpose of substantiating the charges by which he influenced the Supreme Government against me.

Between the writing of this remarkable letter (of the 13th of June) and my removal from office, Mr. Halliday's predictions had been doubly falsified. A serious popular emeute *had occurred at Patna—The Dinapore sepoys had mutinied!*

I will not here impute motives, but I am entitled to place on record my serious complaint, that documents so important in their bearing on the controversy between us, so clearly indicative of, to say the least, political error of judgment of the most dangerous character on the part of Mr. Halliday, and so significant in the vindication they afford of my subsequent action, *have been omitted from an official Blue Book*, which is headed "Correspondence connected with the Removal of Mr. W. Tayler," and which was afterwards laid before the Court of Directors, when sitting as an appellate court, on my memorial.

The full importance of this omission will be estimated when other similar omissions are noticed.

That Lord Canning himself at that time only partially recognised the gravity of the crisis is now notorious, that it was totally ignored, notwithstanding the evidence on record in the Bengal Office, by Mr. Halliday, to whom Lord Canning naturally looked for advice, is shown by this suppressed letter, and by his subsequent endorsement of the opinions regarding the Wahabees, deliberately recorded by his confidential delegate, Mr. Samuells.

How could I escape disapproval and condemnation, when my judges were biassed by erroneous preconceptions, and my accuser, on whom they necessarily at such a crisis placed reliance, *misrepresented the facts*, and *suppressed the evidence!*

I subjoin an extract from Mr. Halliday's letter of the 13th of June.

A reference to Mr. Halliday's special Blue Book will show that it has found no place therein!

In connection with this subject, I request that the letters of Sir John Low, Sir Herbert Edwardes, the Honourable G. Talbot, and other distinguished officers (appended hereto) may be carefully read; and, above all, that the subsequent disclosures regarding the intrigues of the Patna Wahabees (as recorded in the late trials held before Sir Herbert Edwardes and the High Court in Calcutta) may be fully considered.

EXTRACT from Mr. *Halliday's* Letter.

My Dear Tayler, Alipore, 13 June 1867.

The day before yesterday I received a letter from you dated 8th June.

To-day I have another letter with the same date.

There must be some mistake here, and, as dates are important just now, it will be well to note the day of the week as well as the date.

I cannot satisfy myself that Patna is in any danger.

It is inconceivable that the sepoys at Dinapore should mutiny in the face of the European force there, and, until the sepoys mutiny, there can be little fear of a popular commotion in Patna . . . . .

I am anxious for daily intelligence from you, and have had it regularly till the last two days.

Yours, &c.
(signed) *Fred. Jas. Halliday.*

APPENDIX (C).

IT is needless for me to point out that such a charge as that referred to must have seriously prejudiced the mind of Lord Canning and his council against me, though since proved to be *totally without foundation.*

Some idea of the strong feeling excited against me by my resolute adherence to a policy of repression, and the open declaration of my opinion as to the existence of civil as well as military disaffection, may now be formed by unimpassioned judges, when they perceive that, clearly as I disproved this charge, *I was never exonerated from it* by the Government of India, and received my first and only absolution from the Court of Directors! I subjoin the abstract from their despatch.

I leave it to the Secretary of State to say whether under such circumstances the question of my removal ever was, or could be, fully or impartially considered.

The serious accusations recorded by the members of the Supreme Government for this imaginary crime are still on record. I have General Low's admission that it was the most serious charge against me, and that, while he believed it to be true, he considered it *quite sufficient cause for my removal!*

Is anything more required to prove that my judges were prejudiced, and my condemnation unjust?

I must not omit to mention that when my explanation of this charge was laid before the Supreme Government, Lord Canning had left Calcutta, General Low had returned to England (and Sir J. P. Grant, I think, had gone to the N. W. Provinces).

EXTRACT from the DESPATCH of the Court of Directors.

"The explanation submitted by Mr. Taylor satisfactorily exonerates him from the serious "charge of having written officially to Major Eyre, desiring him not to advance to the "relief of Arrah. It now appears that the only letter Mr. Tayler wrote on this subject "was addressed to Mr. Bax, a civil officer, holding the office of joint magistrate at the "time of Major Eyre's advance from Buxar, in company with the force under that "officer's command. In that letter Mr. Tayler expresses an opinion that 'it would be "'very unwise to march with so small a force as 150 men and three guns,' and he "forwarded his note open through the officer commanding at Dinapore, requesting him "to add whatever he may advise."

APPENDIX (D.)

IN proof of this allegation, I herewith subjoin the correspondence immediately connected with my order for withdrawing the Christian officers from Tirhoot and Gya.

I solicit the careful persual of these papers, and confidently ask what conceivable ground Mr. Halliday had for imputing "panic" to an act performed with such evident deliberation, in the careful calculation of contingencies, and for the express object of ensuring, among other important ends, the "prompt re-occupation of Shahabad, the arrest "and execution of Kooer Singh, and the infliction of terrible vengeance on the rebellious "villagers of the district, who have joined in the revolt."

From *W. Tayler*, Esq., Commissioner of Patna, to *A. R. Young*, Esq., Secretary to Government of Bengal.

(No. 706.)

Sir, Patna, 29 July 1857.

I HAVE the honour to report what I have already intimated in several demi-official letters, that on Saturday, the 25th instant, the three regiments at Dinapore, viz., the 7th, 8th, and 40th mutinied.

2. A rebellious spirit was, I understand, exhibited early in the morning, but no intimation whatever was given to me by the military authorities till about one o'clock.

3. I lost no time in giving notice to all the residents, who assembled with as little delay as possible at my house, where all precautions were taken for defence in case any of the mutineers should come towards Patna.

4. At about three o'clock in the afternoon the three signal guns were heard, and shortly after several guns at irregalar intervals, followed by musketry, which was distinctly heard from the roof of the house.

5. Between four and five we heard that the regiments had left Dinapore and fled in a south-west direction; that one man only had been shot on land, but that others had been shot or drowned in the river.

6. No European was injured.

7. *The town of Patna during the whole time remained in perfect repose, though the state of the regiments was known throughout the day.*

8. The immediate cause of the mutiny appears to have been the order issued by the general to the sepoys to give up their caps. These details will doubtless be given by the general, and as they were not witnessed by myself I refrain from attempting to narrate them.

9. I cannot, however, but express my astonishment and concern that, with so large and efficient a force of English soldiers and guns, three whole regiments were allowed to escape almost unharmed, to spread havoc and devastation over the country.

10. It was not known for some hours what the object of the sepoys was, or in what direction they intended to go; but as it was supposed they would move on Arrah, a plan to pursue and intercept them was made that night.

11. A force of 50 Seikhs, 25 Nujeebs, and 20 of the sowars lately raised by me, started from my house at midnight, under the direction of Mr. Lindsay, the assistant, Mr. Campbell, adjutant of the Seikh Regiment, Mr. Whitcombe and Mr. Purcell, railway officers, and Mr. Villiers Taylor, all members of the volunteers, and marched to Phoolwary, where they passed the night.

12. It was my intention to proceed at dawn in the morning to Dinapore, to astertain what direction

direction the rebels had taken, and persuade the General to co-operate with the force at Phoolwary by sending out a strong detachment of Europeans.

13. But at dawn on the following morning a letter was put into my hand, announcing the murder of Major Holmes, by the hand of the men he had led so gallantly and so confidently trusted.

14. Not knowing what the effect of this unexpected disaster might be on the surrounding districts, or how soon the Seikhs might be required, I thought it was wise to abandon the scheme, and at once recalled the force.

15. The readiness with which the gentlemen who accompanied them on a service of some danger, during a very inclement night, and in the pouring rain, was very creditable to them.

16. The zeal and readiness of Mr. C. Lindsay, on all such occasions, have been specially noticeable.

17. The correspondence which has since taken place between myself and the general, public and demi-official, in connection with this mutiny, and the arrangements consequent upon it, is herewith submitted.

18. I am rejoiced to be able to say that the idea of the entrenchment has, for the present, been abandoned, and that active measures have at length been adopted for following up the rebels and rescuing the party at Arrah.

19. Two hundred of the 37th and 50 Seikhs left Dinapore yesterday for Arrah, but unfortunately the steamer ran aground.

20. It will be perceived that the general wished to recall the detachment, but I am thankful to say he has yielded to my remonstrance.

21. I passed last night at Dinapore, and had the satisfaction of seeing a detachment of Her Majesty's 10th start in a steamer, which will take on the flat which was with the steamer that had grounded.

22. No accurate information has yet been received from Arrah, but there is every reason to believe that the usual work of burning, plunder, and devastation has been carried on.

23. *I am bound to express my opinion that, had the course suggested by me on Sunday the 26th been at once followed, many of the mutineers must inevitably have been destroyed while crossing the Soane, and much mischief prevented.

24. A further report on these events will be forwarded to-morrow.

I have, &c.
(signed) *W. Tayler.*

Sir, Dinapore, 26 July 1857.

HAVING just received intelligence of the mutiny of the 12th Irregulars, I consider it of the utmost importance that some small force should be sent to Chuprah and Mozufferpore, *more especially* the former station.

I therefore request the favour of your informing me whether you can send 50 Europeans to each of those stations.

The Seikh force is now so much scattered, and so much occupied in different duties, that it is very desirable not to send away any more.

I beg you will oblige me with an answer to this letter by the bearer, as it is of great moment that I should know your determination without loss of time.

The steamer could convey the men to Chuprah in a few hours.

Yours, &c.
To General Lloyd, Dinapore. (signed) *W. Tayler.*

(No. 120.)

Sir, Dinapore, 26 July 1857.

AT the present moment I cannot spare any men from Dinapore to be sent to Chuprah or Mozufferpore. There are only about 600 men of the 10th foot available for duty at Dinapore, and I don't think that sufficient by any means, when, also, I am informed that Kooer Singh of Jugdispoor is coming to attack with the mutineers from here, and from 10,000 to 20,000 Bhojepeorias besides.

I have

* This was, that the mutineers should be at once followed by Her Majesty's 10th Regiment. (*See* my letter of the 26th, on the next page.)

I have already been called to account for my having, at your request, detained Captain Thompson's detachment at Gya for a short time, and I shall no doubt be blamed for detaining the 37th Foot; to enable me to send the detachment and guns for your protection in Patna is much more important point than either Mozufferpore or Chuprah; besides, the only danger apprehended is from the 12th Irregular Cavalry, I presume, and you have been informed that the party I suppose, some 50 men who mutinied at Segowlee, are gone westward, and neither in the direction of Mozufferpore nor Chuprah. The foregoing reasons are ample for my objecting to your proposition; moreover, detachments of 50 men would not be able to resist any insurrection, and would only be sacrificed.

I have, &c.
(signed) *G. W. A. Lloyd.*

Sir, Dinapore, 26 July 1857.

I HAVE the honour to inform you that, as you do not consider it safe to allow any of the English soldiers to leave Dinapore, I have dispatched 50 Seikhs to Chuprah.

The men will leave Patna early to-morrow morning and arrive at Chuprah I hope the same day.

With reference to your remarks regarding Kooer Sing advancing with 10,000 or 20,000 men, I think it my duty, without loss of time, to inform you that, although it might be unwise at the present moment to express *confident trust* in any native, I still do not believe that Kooer Sing meditates any such adventure; but have, on the contrary, reason to hope that he will come down to stay at Patna and thereby prove his loyalty.*

Without, therefore, presuming to criticise or comment on any strategic measure you may think it right to adopt, I think it my duty to deprecate, in the strongest terms, the adoption of *any* measures that may give indication of weakness or alarm; and would take the liberty of suggesting that active steps for the pursuit of the mutineers and protection of the neighbouring districts would at the present juncture, be the best and safest policy. I am quite willing to give up the detachment of Europeans just sent to Patna, if it would enable you to push on 200 men to protect Arrah and relieve the small party that are now, perhaps, contending with overwhelming numbers; and if the officers of the mutinous regiments who have horses could form themselves into a body and accompany the force, there are several gentlemen of this station who would gladly join the party.

I have, &c.
(signed) *W. Tayler.*

My dear Tayler,

A MR. BARTON of the Shahpore factory, between Arrah and Jugdispore, in Kooer Sing's land, says that rascal is leading on the rebels and has joined many of his men to them; this being the case, the 200 men in tow of the "Hoorungotta" must be in a precarious position, for I don't think the relief of Arrah should be undertaken with less than 1,000 men and two guns, which is a force that could never be sent from this; therefore, the party on the steamer, as the vessel has run aground, ought to be recalled. The civilians of Arrah had ample time to make their escape, and their remaining when they must have heard of Kooer Sing's turning against us was extremely foolhardy I think, and I should lik to recall the steamer, but she has grounded, Mr. Barton says, in one foot of water. Can you suggest any plan likely to bring away the people from Arrah? I am very much afraid that in the dark of the night the house will be taken.

Yours, &c.
(signed) *G. W. A. Lloyd.*

My Dear Lloyd, Patna, 28 July 1868.

IF this is true, undoubtedly it is a *dilemma*, but until I can see Mr. Barton, and ascertain his grounds and authority for the statement, I cannnot speak. It is impossible, I have always said, to trust *anybody* at the present time; Kooer Sing may, in spite of himself, be *compelled* to join, and he *may*, of course be tempted by the successes of the rebels. But, it appears to me, that if it is true that the "Mirzapore" is close at hand with more troops you might disembark them, and send them on to Arrah with 200 of the 10th, the detachment of the 37th already gone, and two guns; and you will be able to rescue the garrison, and drive the rebels, Kooer Sing to boot, to the place the ungrateful brute deserves to go to, if he has joined them. I may be making a great military blunder, but I would do it if I could, and without hesitation.

Send 100 men and two guns here, and keep the rest at Dinapore, and I will vouch for our safety at both places.

But I would at once disarm the 5th Troopers here and at Chuprah, even without the "Mirzapore" reinforcement; this might be done, if it be done at once.

Yours, &c.
(signed) *W. Tayler.*

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* My conviction to this day is that Koër Singh would not have joined the rebels but for the injudicious conduct of the Government. My letter remonstrating with the Lieutenant Governor was unheeded, and, like many others *has been kept out of the Blue Book.*—

My dear Young, Thursday, 30 July.

In the middle of last night I was awoke by a messenger from Arrah, the second master of the school. He says up to 3 a.m. of yesterday (Wednesday) the garrison was *all right.* The rebels had made no impression.

In the *evening* the relieving force (400 English and 50 Seikhs) must have reached, so, please God, all will be well.

Kooer Singh was with them by compulsion I suspect; but, however that may be, everything was done, and proclaimed, the man says, in *his name.* The town has been *completely gutted* by the neighbouring budmashes, the prisoners released, and the bungalows, Government records, &c., &c., burnt. A lot of Kooer Singh's sowars, &c., are scouring the country, watching the Ghats, and stopping communications with Patna.

They had got three rusty old guns from Kooer Singh s palace, *only one* of which, however, they have been able to make serviceable; but, I am thankful to say, they are reported to have little or no ammunition! so that, please God, the Enfield rifles will, if the rascals stand, play old Harry with them.

I should not like to write thus in a public letter just now; so send it in this form.

Matters are somewhat serious, and somebody must be called to a heavy account for letting three regiments escape untouched, and thus raise the whole country. Kooer Singh had evidently made *no preparations*, and, I have little doubt, has been forced into the thing; but being in it, he must now run all risks, and at all events the effect on the *country* will be the same.

If the *force had* but started 24 *hours earlier*, much mischief might have been averted.

You may imagine how intensely anxious we are to hear the result of the relief and the fate of the garrison.

Send up more English troops, or we may lose Behar, and the *gunboat sharp.*

I have, &c.
(signed) *W. Tayler.*

To A. Young, Esq.,
Secretary to the Governor of Bengal.

(No. 724.)

Sir, Patna, 31 July 1857.

In* continuation of my demi-official letter of yesterday's date, I have the honour to forward herewith copy of a minute drawn up this day, exhibiting my idea of the course to be pursued at this critical moment.

2. Separated as Englishmen are, and scattered in small numbers over several districts, with no sufficient *protection whatever*, we can now expect nothing but murder and disaster.

3. *Concentration* for a time, therefore, appears an imperative necessity, and is the only means of recovering our position.

4. I have therefore authorised all the officials of the districts to come into Patna. Those of Chuprah have been in for some days; they made an attempt to return to Dooriagunge yesterday, but returned when they heard of the defeat of our force.

5. I trust the Government will approve of the measures taken. Whatever be the temporary confusion caused by this measure, the object appears to me to justify it.

6. I have hitherto endeavoured to encourage all public officers to stand fast; but I now consider that their so doing only *increases* the danger to all.

I have, &c.
(signed) *W. Tayler.*

Minute.

Patna, 31 July 1857.

The district of Shahabad is in open revolt.

It is feared the authorities are murdered.

The city has been plundered, the prisoners released; a relieving party of Europeans and Seikhs dispatched to rescue the local authorities who are besieged by the rebels has been driven back, with serious loss in officers and men.

The English reliable military force in this division consists of about 700 Europeans, 500 Seikhs, and 6 guns; at the several out-stations, beyond the regular police and a few Nujeebs, there is no protection whatever for the English residents.

The rebels are now in force; their escape from Dinapore, *without injury*, in the face of our guns and soldiery, the late success against the relieving force, the countenance and support

* Between the writing of this letter and the one before it, the disastrous defeat of the retiring force had taken place.—*W. T.*

support of Kooer Singh, will give them such confidence and strength, that I consider it no longer justifiable to expose the lives of the residents to a danger which may arise at any moment, and against which there is no efficient protection whatever.

Every fresh murder of Englishmen and Englishwomen, besides the horror of the catastrophe itself, is a shock to our power and prestige.

It is *no disgrace* to a few Englishmen to retire prudently for a time from a situation of peril, especially when this temporary retirement is with the object of more speedily and effectually recovering our position.

Matters have now arrived at a crisis at which, in my opinion, all considerations must yield to the one great object, viz., the prompt re-occupation of Shahabad, the arrest and execution of Kooer Singh, and the infliction of terrible vengeance on the rebellious villagers of that district who have joined in the revolt.

But before this blow is struck it is *essential that* a strong military position be taken up.

I believe the general agrees with me in this, and I conclude that Dinapore will be the place.

I would suggest that immediate steps be taken for forming an entrenched position at Dinapore, with the river in our rear.

But it is not my wish to abandon Patna.

The city of Patna has been hitherto kept in subjugation: the only outbreak which has taken place being evidently a hurried and desperate effort, which signally failed.

But there is, beyond doubt, a large body of disloyal and disaffected people; there are still many villains who have plotted against us unpunished.

There is wealth in the city; and a great temptation is thus held out to the turbulent and the rebellious.

A disturbance at Pâtna should be kept down, if possible; and the civil authority should, if possible, be maintained.

I think this is feasible, without sacrificing the main object of our strong position.

With the river in our rear, and one or two steamers to keep up communication with Dinapore, and a gunboat at our command, as it will be in a few days, it will be desirable to entrench a position on the banks of the river, where the magistrate's and commissioner's cutcherry and the Seikh encampment now is, and thus holding it, to carry on all necessary duties within the entrenchment.

In this way we shall still keep the city down and carry on all important business, while we shall be well prepared for any attack, and have the means of retreating on Dinapore, if necessary, by the river.

The only other point for consideration is the opium godown.

The walls of the godown are so strong that, with communication by water kept up, as it may effectually be by a steamer or gunboat, the garrison would be safe against any attack, and if pressed would have the means of secure retreat.

But it would be most desirable if the opium itself could be *at once removed.*

The necessity of holding a *third* position is embarrassing. It occupies a large number of guards, and of English gentlemen, who could be otherwise employed in far *more important duties;* it is a source of temptation to plunderers, and in every respect a nuisance.

If some loss were occasioned by its removal to Calcutta, it would be of trifling importance, compared with the mischief of its remaining.

As a subsidiary measure for present protection and more efficient action when the time comes, all the unemployed officials, indigo planters, and railway officers, should form themselves into volunteer corps, under the command of an officer of one of the mutinous corps.

These would make a formidable body, and would do good service in wreaking vengeance on the rebellious district.

Martial law should be proclaimed throughout the division.

Ladies and children should all be sent to Dinapore, and thence, as opportunity offers, proceed to Calcutta.

W. Toyler.

(No. 727.)

Sir,

In continuation of my letter of yesterday's date, No. 724, I have the honour to inform you that no reliable or authentic news whatever has been received from Shahabad, although large rewards have been offered to anyone who will bring intelligence.

2. The rebels have complete possession of the Ghat on the Soane, and it is with the utmost difficulty that any one can pass the river.

3. A man came in to-day and reported to Colonel Rowcroft that the rebels were in a body either at Arrah or Judgispore; that the Rajah of Doomraon had joined them; that there was a division of counsel, some of the sepoys proposing to go up-country, others to remain and hold the district.

4. To what extent this may be true, it is impossible to divine, but everything tends to show that the crisis is grave and imminent, and to confirm, in my opinion, the policy which I have taken upon myself to adopt, *viz.*, the concentration of *all* strength at *Patna* and

and *Dinapore*, and the striking of a blow at the Shahabad insurgents as *soon as ever* it can be done so effectively.

5. I am informed that accounts have this day been received of the revolt of the infantry and cavalry at Berhampore.

6. It is of course to be expected that the other regiments at Bowsee and Bhaugulpore will follow the example, and it is not improbable that they may form a junction with the Shahabad force, after attacking such of the stations on their way as they may think fit.

7. Under these circumstances it appears madness to leave any *of the English authorities or residents at the out-stations with the mere protection of small bodies of armed men.*

8. That the present war is a *war of extermination, deliberately planned and unscrupulously carried out,* it is now impossible to deny.

9. Where murder is *possible,* not a *woman* nor a *child* has escaped.

10. With this spirit of fanatical cruelty stimulating the natives, the *presence* of small and *isolated bodies* of English is *in itself an actual source of weakness,* while the successful overpowering of each such body is incalculably mischievous.

11. I am deeply convinced that this is a truth, and that, as before observed, the *real policy* at present is concentration.

12. The best arrangements practicable will be made for maintaining order throughout the districts; the magistrates and collectors will be directed to issue orders to their several districts, and the most influential of the native residents and gentlemen will be invited to aid in this object.

13. All is still undisturbed at Chuprah, Mozufferpore, and Gya. The English authorities at the two former stations have come to Dinapore.

I have, &c.
(signed) *W. Tayler.*

(No. 728.)

Sir, Patna, 2 August 1857.

I HAVE the honour to report that. as far as our information extends, the Arrah garrison still holds out; the rebels are all at Arrah, joined by Kooer Singh and the Rajah of Doomraon, the latter I strongly suspect under moral coercion.

2. They are said to amount to 10,000 men; but I have reason to believe that they have little ammunition, and that the few guns in their possession are comparatively useless.

3. I have also heard, on good authority, that they are beginning to straighten for provision, and I have directed the most active measures for preventing any supplies from reaching them by water.

4. It is of the utmost consequence that a vigorous attack should be made on the rebel force before their number is augmented by the junction of other mutinous bodies.

5. I am going to Dinapore this evening to hold a final consultation with Colonel Rowcroft, who is now in temporary command, in regard to the defence and occupation of Patna and Dinapore, that we may act fully in concert.

6. The rumours are still strong that they meditate an attack upon Patna or Dinapore, and it will be necessary to make clear and distinct provision for such a movement.

7. The accompanying copies of correspondence between the judge of Behar and myself, will show the exact position of affairs in regard to that district.

8. The question that I had to decide was a most embarrasssing one. I only hope my decision, for the reasons given, may be approved.

*All is quiet at Patna.**

I have, &c.
(signed) *W. Tayler.*

The above is the correspondence on the subject of the withdrawal. I ask the Secretary of State in Council to say whether there is the least indication of "panic" in any line or word of my letters.

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* *This is the last sentence I wrote as Commissioner of Patna.*—W. T.

APPENDIX (E.)

I HAVE already shown in Appendix (C.) the real facts of my supposed "order to Major Eyre."

I now subjoin the proofs of the additional injustice done to me by the misrepresentations of the Lieutenant Governor referred to in my memorial.

EXTRACT.

From the Secretary to the Governor of Bengal to the Secretary to the Governor of India.

22 September 1857.

Para. 5. Mr. Tayler endeavours to prove that the order he gave was not the result of panic. Panic, the Lieutenant Governor would remark, was apparent on the face of these orders, as it was to the Lieutenant Governor's apprehension, on the face of the letters to Government at the time, and was *especially apparent in his reiterated and urgent advice, if not order, to Major Eyre, not to attempt the advance, which saved Arrah.*

(The *italics* are mine.) *W. T.*

COPY of my LETTER to Mr. *Bax*, referred to above.

— *Bax*, Esq., Joint Mag. with Major *Eyre's* Force.

My dear Sir, 30 July 1857.

I HAVE just received your letter of this date. I regret extremely to state that the force dispatched to relieve Arrah has been defeated, and driven back with great loss in men and officers.

Under the circumstances, it would be very unwise to march with so small a force as 150 men and three guns. The rebels are in great force, having been, as it is supposed, joined by some companies of the 25th Native Infantry with a supply of ammunition. We are about to occupy a military position at Dinapore, and the object will be to concentrate as many steamers and troops as possible, and, when strong enough, strike an effective blow at the enemy.

I now send your letter to the general, and, if he approves the idea, I would suggest that you come to Dinapore with the troops and guns, when, if more come from below, we may be able to act effectively. If he does not, I have requested him to add to this note whatever he may advise. Another unsuccessful attempt would be productive of the worst consequences; when next we strike we must hit hard, or not at all.

Yours, &c.
(signed) *W. Tayler.*

P.S.—The force that marched to relieve the Arrah garrison consisted of 250 Europeans and 50 Seikhs. One hundred and fifty Europeans have been killed, and there is scarcely a man unhurt. Twenty-eight Seikhs were killed.

MEMORANDUM of General *Lloyd.*

"The advance of the troops from Buxar towards Arrah would have been useful, had our attack on the rebels succeeded. As it is, the Buxar force is too weak to venture far from Buxar, and it should occupy that place until further communication is sent from Dinapore.

"As soon as more troops are available another attack will be made from this side, when co-operation from Buxar may be arranged.

(signed) *M. A. Lloyd,*
Major General Commanding at Dinapore.

30 July, midnight.

I now entreat the Secretary of State in Council to compare my letter, the style in which it was written, the expressions used, and the suggestions offered, with Mr. Halliday's description, and seriously ask what conceivable justification there was for him to describe it as he has done. Whether that description is not in every point unfair, and in one, undeniably untrue.

I will then ask the Secretary of State to consider, how directly such bold assertions were calculated to prejudice the minds of the Governor General and his Council, who were then sitting in judgment on my appeal, and probably had neither time nor inclination to test the statements of the Lieutenant Governor by any careful scrutiny.

Again, I submit that in this point the most serious charge against me, as Sir John Low admits, my accuser misrepresented the facts, my judges were prejudiced and misled, *and there was a great failure of justice.*

APPENDIX (F.)

To this subject I earnestly solicit the most careful attention of the Secretary of State in Council.

The allegations which I find it absolutely necessary now to make in this matter are serious. I would willingly have avoided the exposure, but it is forced upon me.

I have already stated that a special "Blue Book" was printed in Calcutta by the Lieutenant Governor shortly after my removal, which professed to contain the "Correspondence connected with the Removal of Mr. W. Tayler."

This book was obviously published to support Mr. Halliday's action against me, and verify his catalogue of *ex post facto* charges, and ought, therefore, in common fairness, to have comprised the whole "Correspondence," certainly all which bore on his accusations.

The book was sent by him, contrary to all official precedent or custom, to the public journals (for which he was rebuked by the Secretary of State), and officially circulated by himself throughout the Bengal Presidency! It is at this moment on record in all the Commissioner's offices!

A perusal of this book exhibits the following inculpatory facts, *all of them calculated to excite strong prejudice against me*, in connection with this charge of "reticence," which the Right Honourable the Secretary of State has lately declared to have been a "most unfortunate error" on my part, as it produced a "want of harmony" between the Government and myself, and was, in fact, the principal obstacle to his recommendation to the Queen's favour.

First, then, it shows me, writing my *first* communication to the Lieutenant Governor on the 14th June, though our troubles had commenced about the 18th May; and *most important incidents*, altering my first views and affecting all my future actions, had occurred on the 7th of June!

Secondly. It shows the Lieutenant Governor complaining of my writing "short, meagre, and unsatisfactory" notes, instead of full and formal letters, a procedure which, *if unauthorised*, would naturally be considered reprehensible.

Thirdly. It exhibits me corresponding with the Lieutenant Governor without authority or license, in a familiar, informal, and unceremonious style—"My dear Halliday, &c. &c., while *he* was writing only formal and official letters through his secretary! thus still further prejudicing our superiors by convicting me of disrespect, if not impertinence, a fact which was noticed to my prejudice even by my advocates and friends.

Fourthly. The letters that are printed are so arranged that ordinary perusal, without careful scrutiny of dates, would lead the reader to suppose, that, *after I had been officially rebuked for so writing in Mr. A. Young's letter of the 25th June, I still disrespectfully and contumaciously continued so to write for several subsequent days!*

Fifthly. It exhibits a *series* of official rebukes, for not writing with sufficient fulness or frequency; as if, after the receipt of the first rebuke, I had wilfully neglected my duty; but which, in fact, followed each other in such immediate succession—making a formidable appearance—that no time was given me to answer or act upon the one before the other reached me.

Sixthly. It shows the Lieutenant Governor rebuking me for arresting the Wahabees Molvees without asking permission! as if the *act* was beyond my competence, and there was a blameable concealment, without justification or reason.

I now proceed to show how, in each several instance of these imputations, direct or implied, I have been unfairly and dishonestly dealt with; how, in fact, I was in each and every particular, blameless, and *only made to appear negligent or culpable by misrepresentation and the suppression of evidence.*

On the *first* point, viz., the apparently gross neglect, in not giving intelligence to the Lieutenant Governor before the 14th June, I subjoin four letters from Mr. Halliday, with my explanatory notes appended. These letters will show that I commenced my communications on the 18th or 19th of May, and, by his own admission, had sent him "daily intelligence" up to 13th of June!!

Not one of these letters have been printed in the Blue Book!

On the *second* point, viz., the brevity of my notes, Mr. Halliday's letters, now seen for the first time, will show, *what he has hitherto studiously concealed*, that it was *his own special desire* that I should send him just "one line, brief, to say, all's well," until further orders; and that it was his wish and belief, probably because he wished to remain at Darjeeling, that the "less fuss the better." They will also show what the Blue Book conceals that he wrote in private form to me.

Both of these letters have been suppressed, and the correspondence printed without them!

On the *fourth* point; if the Secretary of State in Council will turn to the Blue Book, and note the dates of my private letters which have been inserted after Mr. Young's letter of the 25th June, directing me to write officially and not privately, he will perceive that they are all of previous dates; and that on the 28th of June, the very day I received that letter, I expressed my apologies and regret in a public letter, *and from that moment always wrote in official form!*

25th June.
25th „
26th „
27th „
29th „

On the *fifth* point I refer to the Blue Book itself, which will show no less than five letters (?) of the dates as per margin, written one after another, without allowing time for me to acknowledge or answer them, and in the same way four letters within as many days, in July, rebuking me for not giving full information of the *emeute* in the town, the injustice of which I have shown in my narrative (Part 2).—*Vide* Extract subjoined.

With regard to the sixth point, viz., the arrests of the Wahabee Molvees, it would, perhaps, be sufficient to observe that, as the measure is now known to have been of important benefit to the province, any informality, even if there were such, in regard to its execution, and any reticence necessary to ensure the success of the measure, is too trifling to be mentioned; but this does not affect the question between Mr. Halliday and myself.

I believe I may safely assert that, as superintendent of police, I was fully competent, without reference to any superior authority whatever, to arrest any suspected persons; but Mr. Halliday in bringing this charge against me has wisely withheld from publication the letter, which, in itself, forms a complete justification of my partial, and, I submit, praiseworthy reticence on this point, viz., his letter of the 13th of June, in which, after receiving my report of the 8th (*also carefully withheld*), he still declared that there was no danger at Patna, and the mutiny of the sepoys was "inconceivable," thus clearly showing me that if I wished to act effectually and save the province, *I must act on my own responsibility, and risk.*

The Lieutenant Governor at the same time never alludes to the fact that the day *before I* took action against the Wahabees, I *did* intimate the probability of my acting against them, and that I reported the fact of their arrest, not eight days afterwards, as Sir John Low supposes, but on the *third* day after the event, having waited for that short time that I might judge of the effect of the measure.

The Secretary of State in Council will, I hope, not overlook the facts that the arrest of these men was not a long premeditated measure, nor caused by any overt acts of theirs; I arrested them on suspicion of their characters and intentions, and had no events or incidents to report.

With such ingenious and unfair suppressions, and with such cruel and unfounded misrepresentations, is it a matter of supprise that I was condemned? that the Court of Directors, with this emasculated Blue Book before them, concurred in my condemnation, and that Sir S. Northcote in ignorance of these startling (perhaps incredible) facts, should hold me guilty of culpable neglect, which produced a want of harmony between myself and the Government?

The facts are now, for the first time, before the Secretary of State in Council, and I solemnly appeal to him for judgment upon them.

As to the charge of "reticence" in a general sense, I beg the Secretary of State in Council to glance over the Appendix (G.) submitted herewith, in which I have reprinted from the Blue Book my letters and reports written between the 14th of June and 4th of August, comprising, as it does, 79 pages of closely printed matter in letters, memorandas, and reports, no less than *fifty* in number, *all my previous letters, as before stated, have been suppressed from the Blue Book.*

Did any other Commissioners write as much?

If the Secretary of State in Council will read the letters contained in that pamphlet, remembering that they were in addition to the numerous letters which Mr. Halliday suppressed, and to the "long," "graphic," and "interesting" letters which I wrote to Mr. Beadon; and exclusive of the incessant correspondence which I kept up with my subordinates in the district, as well as with General Lloyd and Major Holmes, he will, I feel confident, acquit me of the crime of "reticence."

But I ask the Secretary of State in Council to do justice between myself and Mr. Halliday, who, while charging me with this offence, and accusing me of "concealing my acts and intentions as much as possible," omits from the Blue Book, which his position as Lieutenant Governor enabled him to publish letters which bear closely upon this very question, and which would, in themselves, have nullified his accusations.

The suppressed correspondence, I must here observe, comprises, among other letters, my report of the startling occurrences of the 7th June, my earnest remonstrance to Mr. Halliday, to prevent the Board of Revenue from exasperating Koër Singh, and thus driving him, as they did, into the arms of the rebels, as well as my earnest recommendation to disarm the 5th Cavalry, which afterwards did so much mischief in the province, and other important communications.

Was this suppression honourable or fair towards me?

But I cannot close this part of the subject without pointing out a still further instance of unfair misrepresentation on the part of Mr. Halliday, a misrepresentation evidently made for the purpose of prejudicing the Supreme Government against me, and thus preventing an impartial hearing of my appeal.

Very early in the crisis, I received a letter from Mr. Beadon, Home Secretary to the Government of India, requesting me to furnish him with information, of course for the use of Government.

With this request I immediately complied, and from that day kept up a correspondence with him, sending him accounts of all that transpired, as I did also to Mr. Halliday, though my notes to the latter, *under his own order were "brief,"* to make as little "fuss" as possible.

I subjoin

I subjoin extracts from Mr. Beadon's answers to my letters, which will show the nature of my communications.

The Secretary of State in Council will, perhaps, hardly credit me when I say that this extra duty, undertaken at the request of the Governor General's Secretary, amidst all my anxieties and labours, for the benefit of Government, was charged against me by Mr. Halliday as an *additional offence!* not openly (for it would then have carried its own refutation with it), but under the guise of an accusation that I had found time to write to a "private correspondent," while by concealing the name and position of this person, he led the Supreme Government to suppose that I had been wasting my time for my own purposes and the amusement of a private individual!

Again I venture to ask the Secretary of State in Council whether this proceeding was honourable or just, and whether such a statement was not calculated to prejudice the minds of my judges.

As this charge of reticence did not form an ostensible ground of my removal, I should not have thought it necessary to discuss it at such length, had it not been lately brought forward as an argument against my obtaining justice, and an obstacle to the Queen's favour!

As it is, I have not exhausted the subject, but need I make any further exposures?

LETTERS from Mr. *Halliday*, from 27th May to 13th June.

(A.)

My dear Tayler, Darjeeling, 27 May 1857.

I SEND you my letter of the 25th May last year, which you wrote for.

I am glad to hear that all is quiet at Patna.

The less fuss made the better.

Yours sincerely,
(signed) *Fred. Jas. Halliday.*

The letter here acknowledged must have been written about the 18th or 19th May, the post taking 8 or 9 days between Patna and Darjeeling.
W.T.

(B.)

My dear Tayler, Darjeeling, 28 May 1857.

I HAVE just received yours of the 23rd.

As soon as the telegraph is open I will request you will send me (to Calcutta) a daily message; brief, just to say "all's well," till further notice.

I should not wonder if I were to pay Patna another visit before long.

I am glad you have stopped expenditure (for the present) on the institution, and funded the money.

I am in hopes that all will go well at Dinapore and Patna. But the example of the 9th at Mynepooree and Allygurh shows how the bad feeling has spread.

Yours sincerely,
W. Tayler, Esq. (signed) *Fred. Jas. Halliday.*

(C.)

My dear Tayler, Darjeeling, 29 May 1857.

I HAVE received your letter of the 24th, with enclosure from Mr. Wake.

I do not think there is any need at present to call out the veterans. It would do more harm than good. Still worse would be Major Holmes's plan of disarming the people at the Ghat.

A letter to the Rajah telling him to take care there is no disturbance would be more useful.

As we differ a good deal about the effect of your recent proceedings in conciliating the zemindars, I see no need for your dragging in that subject. If I were to reply, I could only express what you are aware I feel, and that would not faciltate business.

Keep that business for its own correspondence. It has had, and will have, its full share. Because we differ on that point, it does not follow that we are to differ on other points.

My impression regarding these current events in the North West is that by this time a blow has been struck which will quiet all insurrection from one end to the other. *This I think is your opinion also.*

Yours sincerely,
W. Tayler, Esq. (signed) *Fred. Jas. Halliday.*

This letter shows that I had on the 24th May submitted several important proposals, yet my letter does not appear in the Blue Book.
W. T.

(D.)

My Dear Tayler, Allipore, 13 June 1857.

THE day before yesterday I received a letter from you *dated 8th June.*

To-day I have another letter with the same date.

There must be some mistake here, and as dates are important just now, it will be well to note the day of the week as well as the date.

I cannot satisfy myself that Patna is in any danger.

It is inconceivable that the sepoys at Dinapore should mutiny in the face of the European force there, and until the sepoys mutiny there can be little fear of a popular commotion in Patna.

I do not approve of your calling in the zemindars for aid in the way you propose.

If you can raise a reliable small body of sowars for patrols, do so at the expense of Government. But circumstances have made it undesirable in my opinion that you should apply to the zemindars, and I particularly desire it may not be done.

I am anxious for daily intelligence from you, *and have had it regularly till the last two days.** I am very glad to hear that the Chuppra treasure is safe.

The Gya people are in a great fright; I hope without reason.

You should let your ordinary districts know regularly the state of your affairs. A report came to-day by electric telegraph of insurrection at Dinapore; no doubt false or exaggerated.

All well here.

Yours sincerely,

W. Tayler, Esq. (signed) *Fred. Jas. Halliday.*

* The *italics* are mine.

EXTRACTS of LETTERS from Mr. *Beadon.*

Calcutta, 20 May 1857.

1. INFORMING me that a translation of a proclamation would be made by Mr. Colvin, and sent for me to circulate throughout my Province.

Calcutta, 23 May 1857.

2. Requesting to be kept "informed of the state of feeling among the troops at Dinapore, and the people of your division generally."

Calcutta, 25 May 1857.

3. Forwarding some copies of the translation of the proclamation.

Calcutta, 2 June 1857.

4. "I have to thank you for your interesting bulletins from the 26th to 30th May They are of great use."

Calcutta, 6 June 1857.

5. "Many thanks for you bulletins up to the 2nd."

Calcutta, 8 June 1857.

6. "Many thanks for yours of 4th June."

Calcutta, 9 June 1857.

7. Putting me on my guard against the supposed designs of the Doomraon Rajah, Koei Sing, and thanking me for my "continued reports."

Calcutta, 22 June 1857.

8. "I am much obliged to you for your letter of the 14th, giving a graphic account of the critical position in which affairs stand at Patna and Dinapore, and of the measures taken to prevent outbreak."

"Your letter of the 17th reached me yesterday."

Calcutta, 25 June 1857.

9. Containing information about the rebels in the N.W.P.

Calcutta, 29 June 1857.

10. "I have to thank you for your letter of the 25th, and its very interesting contents."

Calcutta, 26 July 1857.

11. "I have to thank you for several interesting letters which I have refrained from answering, because I perceived that Halliday did not like your corresponding with me on business matters relating to Bengal," &c.

EXTRACT from my NARRATIVE.—Part 2, Page 267.†

ADDITIONAL MEMORANDUM on the Charge of Reticence regarding Dr. *Lyell's* Murder.

THE *emeute* in the city took place on the night of the 3rd. The event was one of awful anxiety. The whole of that night was passed by me in the open air. As Commissioner I had the superintendence of everything.

The struggle in the town took place some six miles from my house, at Bankipore, where the

† This Appendix is the pamphlet containing my letters and reports, submitted with this memorial.—*W. T.*

the whole station—gentlemen, ladies, and children—were assembled in an agony of terror throughout the night. I rode round myself to all the houses, to warn the residents; made arrangements for despatching one party of sikhs into the town, posting others at the several approaches to our house; despatching messengers to Dinapore and into the town for news, and the other thousand-and-one pressing matters which those only who have witnessed such a scene can fully conceive or worthily appreciate.

The émeute was put down without difficulty; *for I had previously disarmed the citizens and arrested the most dangerous men;* but the officers and others did not return from the city till the next morning, and nothing save the *fact* of Dr. Lyell's death and the dispersion of the rebels was known.

The post went out *early in the morning*, and at that time *I could have stated nothing distinctly beyond these two facts;* so I sent a telegram to both Governments and the Commissioner of Bhagulpore, reserving a *letter*, till I could write with some distinct knowledge of what had occurred, of which there were conflicting accounts given me by almost every man concerned. But I wrote a letter also that very day (the 4th); as, however, the post *went out only early in the morning, it could not* be despatched till the 5th.

The magistrate, who had nothing but his own duty to attend to, and had no share in the superintendence or management of the many and various matters which engrossed my time, and who was, moreover, anxious to bring forward a separate question regarding his nazir in which he was interested, managed to despatch a letter on the 4th; and the judge, who had nothing to do but look after himself, wrote a private note to somebody.

I had myself telegraphed, as I have stated, a long message to the Government, which was received and despatched from the telegraphic office, but, owing to a stoppage in the communications somewhere below Patna, which the Government had never intimated to me, they were said by the Lieutenant Governor not to have reached him.

Mr. Halliday, as usual, without inquiry, seized the opportunity to add one more to the censures he was zealously accumulating against me, and wrote four letters of reproof in four days, without allowing even the first of them time to reach me, or waiting for answer or acknowledgment.

For me to have written down all the idle tales that were current without scrutiny would have been simply mischievous; and to show this, I need only mention that one of the fables circulated was that Dewan Mowla Buksh was at the head of the movement!

The facts, then, stand thus:—In spite of my arduous and incessant exertions throughout the whole night, I communicated by telegraph all that it was essential, or, in fact, possible, to communicate then at the earliest possible moment. In the course of that day, which was engrossed with incessant and anxious duties, the examination of the wounded rebels, listening to the several reports of the magistrate, Major Rattray, Mowla Buksh, and others; comparing accounts and analysing conflicting statements, I still wrote a letter, which, though short, contained all that I could satisfactorily state; and this letter went on the morning of the 5th, that being the only time at which the post left!

Within the next *two* days *what had I done?* I had arrested and tried 30 of the conspirators, obtained a mass of most important correspondence, and sentenced and executed 14 men, reprieving two for the purposes of eliciting information, and imprisoning the rest. All this I had done, and all of this I reported on the 7th, two days after my first letter!

That letter is short, *i. e.* it contains matter without verbiage.

Is it unsatisfactory?

Had I been idle in action? Could I have said more while inquiries as to the origin and object and details of the plot were still in progress?

But how much longer did I wait? In my letter of the 7th I told Mr. Halliday that I had "had incessant occupation for the last two or three days" (a fact which my readers will easily understand when they perceive what I had *done* in that interval), "and could therefore only send in a brief report." *But the very next morning,* viz., the 8th, I sent in another letter of 14 paragraphs, in the first sentence of which I stated that, "when all inquiries are completed, a full and detailed narration of the late disturbance at Patna will be forwarded."

Two days afterwards, viz., on the 10th, I wrote again!

The next day, the 11th, I again wrote!

The next day, the 12th, I again addressed the Lieutenant Governor on the same subject, and in this it will be seen that I was *obliged to correct and contradict several premature and mischievous mis-statements made by officious correspondents,* thus showing how right I was to wait for details till I could speak with confidence!

The *next* day I submitted a full report of 39 paragraphs, containing a detail of all the particulars which careful and incessant inquiry enabled me to submit!

I confidently challenge the most careful investigation into this whole matter, and refer those who doubt to the letters themselves, which are all reprinted in the Appendix.*

General Remarks.

It may, perhaps, be convenient to the Secretary of State to have before him, for facility of reference, a succinct abstract of the particular incidents to which I solicit his special attention—incidents which appear to separate my case from all others of a similar character, and which, when impartially considered, exhibit a political phenomenon totally unprecedented.

The

* This Appendix is the pamphlet containing my letters and reports, submitted with this memorial.—*W. T.*

The following summary will show the points to which I refer, viz. :—

Firstly.—The general fact, now established beyond cavil or contradiction, that the Lieutenant Governor was, in 1857, altogether blind to the character of the national crisis; that he misjudged the feelings of the people, ignored the intentions of the Sepoys, and disregarded the lesson which the records of his own Government ought to have taught him, viz., the danger to be apprehended at such a time from the fanatical sect of the Wahabees.

Secondly.—That I myself, after the first few days, detected the existence of disaffection among the people, discerned the purposes of the Sepoys, realised the special danger which threatened the province from the intrigues of the Wahabees, and, after in vain endeavouring to convince Mr. Halliday of the danger, was driven to adopt on my own risk and responsibility, with the sole and single purpose of saving the great province under my charge, those timely and decisive measures which are now known to have *saved Patna!*

Thirdly.—That the vital importance and complete success of the measures adopted by me, at great personal risk, were universally recognised at the time by all those whose lives and property were at stake, and have since been cordially and emphatically attested by the most able Indian statesmen of the day, who are the most competent judges, and who are conspicuous, among a service of distinguished men, for their high and honourable character.

Fourthly.—That the only alleged ground and reason of my condemnation in 1857, was (at the very worst) that I had committed an "error of judgment!" a charge which is only a matter of opinion, on which the great majority are on my side, and which, even if true, has never yet been considered such an offence as to outweigh important political service.

These are the points which I submit, in regard to the *general* question, as worthy of serious consideration by all who desire to do justice in the case.

In regard to the conduct of Mr. Halliday, the then Lieutenant Governor, I would crave careful attention to the following remarkable facts, viz. :—

Firstly.—To the fact, which is proved by the letter of his own friend and associate, Mr. E. A. Samuells, that after having in another matter totally unconnected with the rebellion, done me grievous wrong, *he had predetermined to remove me from Patna!*

Secondly.—That the only conceivable reason for thus wishing to remove me from a high appointment, for which he had specially selected me, to the prejudice of the claims of others, and for the sake of which I had declined a seat in the Sudder Court, was to save his own relation from the consequences of having unjustifiably aspersed my character, and himself from the continuance of a discussion in which he had laid himself open to charges of disingenuousness and inconsistency.

Fifthly.—That for the purpose of prejudicing the Governor General in Council against me, Mr. Halliday obtained a private memorandum from a gentleman at Patna, who, keeping at the time a seraglio of Mahommedan women (the principal inmate of which was a Wahabee), and being notoriously a personal enemy of my own, *secretly* recorded statements to my disparagement, which have never to this day been shown to me, but which were *privately* handed by Mr. Halliday to the Governor General, who was at the same time kept in total ignorance of the character of my accuser, and his scandalous connection with the Patna Mahommedans.

Sixthly.—That when, on the ground of one "error of judgment," Mr. Halliday summarily removed me from my high appointment, he endeavoured to prejudice the Supreme Government against me by heaping upon me numerous other *ex post facto* charges, all of which have been shown to be either frivolous or unfounded, viz. :—

1st.—A charge of "panic" in withdrawing the officers from Tirhooh and Gya.

2ndly.—A charge of special panic in my communication to Mr. Bax.

3rdly.—His unfair and unfounded designation of my *single and only letter* as "reiterated."

4thly. His description of the purport of that letter as "urgent advice or order, not to advance," when, *in fact, it merely suggested a different route!*

5thly. His persistent declaration, since repeated by Mr. Mangles in the "Edinburgh Review," that *all* the stations had been abandoned by my order when the Chuprah officials had, as he knew, come in of themselves several days before, and the Arrah officials were unable to move at all!

6thly. The statement that my proceedings had caused "public scandal," whereas they had excited universal gratitude and admiration.

These and other charges which might be enumerated form one series of accusations, which I might, I conceive, be justified in deprecating as simply libellous.

I next arrive at the wholesale disparagement conveyed by Mr. Halliday's special "blue book," and point—

1st. To his *suppression of all my letters* between the 18th of May and 14th of June, especially my report of the alarming events of 7th June.

2ndly. To the suppression of *his order* to me to write brief private messages, while the book *shows him rebuking me for doing so!*

3rdly. To

3rdly. To *the entire suppression of all his private letters*, and of all mention of them, thus concealing the fact of his having invited and kept up private correspondence with me for nearly a month!

4thly. The disarrangement of the letters after the 25th of June, so as to make me appear to the ordinary reader contumacious and disrespectful.

5thly. To the general and unmerited charge of "reticence."

6thly. To his accusation of my writing to a "private correspondent," while he knew that this "private correspondent" was the Home Secretary of Government, and that I wrote to him at his request and as a public duty.

7thly. To his profession of ignorance as to the Wahabee character, although there was *ample proof in the records of Government to show that they were dangerous enemies of the State, and a minute of Lord Dalhousie's was in existence in which he specially denounced them.*

The above are the principal points connected with Mr. Halliday's treatment of me. Other unfounded charges were also brought against me, but as they were ignored by the Governor General and passed over by the Court of Directors, I need not here refer to them, save to say that I shall be at any moment prepared to expose their groundlessness or frivolity, if it is thought fit to give me opportunity to do so.

One more remark I think it is advisable to record for the purpose of anticipating misapprehension.

It is probably known to the Secretary of State that, after I had been kept without employment and on starving allowance by Mr. Halliday for *nine* months, I was sent to join a lower appointment 600 miles from Patna. That subsequently, after having been subjected to unrelenting persecution, after Mr. Halliday had published and promulgated to the utmost extent of his power the indecent and scurrilous abuse recorded by his delegate, Mr. Samuells, against me, after he had published the unfavourable portion of the despatch of the Court of Directors and withheld the rest, when at last I ventured, *under the permission of the Supreme Government*, to publish the whole despatch, with notes to render it intelligible, I was again suspended from office, on the plea of insubordination, and Mr. Halliday, taking advantage of the permission given him, not only suspended me, but, even after I had complied with the condition dictated by the Supreme Government, still refused to give me another appointment, and thus compelled me to hasten my resignation, that I might escape distress and earn my own livelihood.

I shall at any time be prepared to justify my conduct in this matter, and show that I was most undeservedly censured; but however this may be, or whatever fault I may have been considered by the Government of the time to have committed, I was more than adequately, nay, *most unmercifully, most cruelly punished*, by a second suspension, for an offence which, even if true, would in the case of any other but myself have called for nothing more than a censure.

My object in mentioning this question here is to point out that it is altogether distinct and separate from the question now submitted to the Secretary of State.

(signed) *William Tayler.*

From *W. Tayler*, Esq., to the Right Honourable the Secretary of State.

Sir, 69, Prince's Gate, 14 October 1868.

In connection with the memorial which I yesterday submitted for your consideration, I have now the honour to forward four more letters, containing opinions of Indian officers on the case.

Among these I beg to solicit your attention to two from Mr. R. D. Mangles, jun., who was in an official position at Patna throughout the disturbances, and obtained the Victoria Cross for his gallantry in the retreat from Arrah. But more especially I would beg you to consider the letter from Mr. J. A. Dorin, a member of the Indian Council at the time.

You will perceive that Mr. Dorin's letter entirely confirms my statement, viz.:—

First.—That at the time the Supreme Government concurred in my removal, he believed that disaffection was confined to the military; a belief which, whatever may have been the case in regard to the *rest* of the country, has been judicially proved to be incorrect as far as Patna is concerned.

Secondly.—That there were no *facts* before the Supreme Government at the time, which enabled it to "upset the orders of the Lieutenant Governor," which were therefore necessarily confirmed, in accordance with a general

rule of policy, which, of course, was *more binding than ever* at such a time.

Thirdly.—That the penalty, even under the mistaken views of the Government, was too severe.

Fourthly.—That Mr. Halliday is now proved to have been wrong, and I myself right, and finally, he assures me that he would "heartily rejoice" if the value of my services is at length honourably recognised.

In your letter of the 29th June you were good enough to say that, to enable you to obtain for a public servant, under my circumstances, recognition or reward, it must be "shown either that his superior officers have seen reason to "alter their opinion of his conduct, or that their view of his proceedings was a "distinctly erroneous one."

I would respectfully appeal to yourself whether I have not now established, not *one* only, but *both* the required facts, and *that* out of the mouth of my superiors themselves, the only two members of the Supreme Council now in England. Both these high authorities admit that I am now proved to have been right, that their decision was formed in the absence of facts, which have since established this truth; that my services were, according to Mr. Dorin, "of "great value," and according to Sir John Low, "of immense value" to the Government; that Mr. Halliday was wrong, and that they will rejoice to see my services recognised.

I respectfully submit whether history presents any case (unless it be that of Lord Dundonald), wherein honourable recantation by ruling authorities was ever so full, so complete, and so convincing, or whether any more satisfactory proof could be given of the one fact which I have never ceased to maintain, viz.: that my condemnation was confirmed by the Supreme Government in ignorance of the real facts at the time, and has been *shown* by subsequent events to be unjust, while, on the other hand, it is established by the unanimous testimony of unimpeachable witnesses that, under unprecedented difficulties and embarrassing opposition, *I saved Patna.*

Earnestly entreating your careful consideration of these letters,

I have, &c.
(signed) *W. Tayler.*

(Home Department—No. 93 of 1858.)

To the Honourable the Court of Directors of the East India Company.

Honourable Sirs,

From Government of Bengal, No. 1090, dated 9th April 1858, and two Enclosures.
Note by Mr. Grant, dated 18th April 1858.
Minute by Mr. Peacock, dated 21st June 1858.
Minute by the President, dated 5th July 1858.
Minute by Mr. Ricketts, dated 7th July 1858.
Minute by Mr. Peacock, dated 9th July 1858.
To Government of Bengal, No. 1719, dated 28th July 1858.

In continuation of our letter, No. 61, dated the 8th May last, forwarding Mr. Tayler's memorial, we have now the honour to transmit for your Honourable Court's information the accompaning Correspondence and Minutes arising out of a complaint made by that gentleman against Mr. Samuells for having made certain serious charges against him in an official communication to the Government of Bengal, and of a remonstrance by Mr. Tayler against the act of the Lieutenant Governor in having published those charges.

We have, &c.
(signed) *J. P. Grant,*
J. Outram,
H. Ricketts,
B. Peacock.

Fort William, 29th July 1858.

(No. 1090.)

From *A. R. Young*, Esq., Secretary to the Government of Bengal, to *C. Beadon*, Esq., Secretary to the Government of India, Home Department.

Sir, Fort William, 9 April 1858.

Judicial.

MR. W. TAYLER, late Commissioner of the Patna Division, has addressed to this Government two letters complaining of certain comments on his official proceedings, as well as on the statements contained in his pamphlet, entitled "A Brief Narrative of Events," connected with his removal, by Mr. Samuells, the present Commissioner, in a letter to my address, No. 3253, dated the 29th January last, which has been printed in the Blue Book forwarded to you with my letter No. 529, dated the 20th February 1858.

2. Mr. Tayler requests that these papers should be submitted for the consideration of the Government of India, and as they are in fact obviously intended as an appeal to the Supreme Government from certain proceedings of the Lieutenant Governor, I am directed to forward them in original, for the purpose of being laid before the Honourable the President in Council, for such notice as his Honor may think fit to take of them.

3. Regarding Mr. Tayler's pamphlet, the Lieutenant Governor has already recorded such observations as he deemed necessary in his Minute of the 17th ultimo, a copy of which was submitted to the Supreme Government with my letter No. 844, dated the 24th idem, and his Honor is not disposed to add anything to that Minute or to offer any further remarks on the papers now submitted.

4. With reference, however, to paragraph 294 of Mr. Tayler's letter of the 3rd instant (one of the enclosures of this letter), in which he directly appeals to the Government of India against the strictures passed by Mr. Samuells on his proceedings in the trial of Peer Ally Khan and others, I am desired to state that the original records of these trials are now in this office, and have been examined by the Lieutenant Governor; but as his Honor's opinion on judicial records might not be considered to have much weight, he would submit, for the consideration of the Honourable the President in Council, that if it should be deemed advisable to enter into the question of the justice of Mr. Tayler's judicial proceedings in the punishment of persons tried for the riot at Patna, his Honor might perhaps think fit to direct this Government to submit the papers to the judges of the Nizamut Adawlut for report.

I have, &c.
(signed) *A. R. Young*,
Secretary to the Government of Bengal.

From *W. Tayler*, Esq., to *A. R. Young*, Esq., Secretary to the Government of Bengal, Fort William.

Sir, Calcutta, 3 April 1858.

MR. SAMUELLS, the present Commissioner of Patna, has addressed a letter of 81 paragraphs to the Lieutenant Governor of Bengal, which has been printed by order of Mr. Halliday in a Blue Book, and promulgated for the information of the public.

1. This letter *professes* to be in reply to a narrative which I printed for private circulation, and in which I narrated certain circumstances connected with my removal from the Patna Commissionership, which I thought it important should be disclosed, that those who are interested in the case might be thereby enabled to form a complete judgment of the difficulties in which I had been placed and the embarrassments against which I had to struggle.

2. In this narrative I recorded, with some freedom (as I felt in my conscience I was bound to do), my sentiments in regard to the appointment of Ameer Ali, and the policy of which that appointment is universally regarded as the symbol, as well as in respect to the conciliatory measures which have been adopted at Patna since Mr. Samuells' appointment.

3. Mr. Samuells, who is quite justified in combating my views, sentiments, and statements in regard to this, and other matters with which he is connected (so long as he writes

with courtesy and decorum), has, in the letter referred to, travelled out of his path, not only to heap abuse and scurrility upon me personally, but also to volunteer his arguments and remarks upon matters with which he has no possible concern.

4. In a spirit which his best friends will find it difficult to reconcile with fairness, generosity, and gentlemanly feeling, Mr. Samuels has taken up the cudgels on behalf of the Lieutenant Governor; has endeavoured, very much in the style of a small boy at school, to bring me into further bad odour with my powerful opponent, and without any ground whatever, as far as he is concerned, save such as may be afforded by the violence of passion, or the promptings of a malignant heart, has taxed his ingenuity to give the worst colouring to the single act for which I have already suffered the deprivation of appointment, heavy pecuniary loss, and sundry other indignities and insults.

5. With the feeling which has prompted such a course (a course, I imagine, altogether unprecedented in the annals of official controversy) I care not to concern myself. The following pages will show to what extent, Mr. Samuells is justified by *facts* in the statements he has made and the vulgar abuse he has heaped upon me. As the Lieutenant Governor has thought fit to print this large letter, and send the book which contains it to the editors of the public papers, without giving me the opportunity of seeing or refuting the serious accusations with which it is filled, his Honor will, I conclude, not object to give similar publicity to this letter with as little delay as possible.

Paragraph 2.

6. Mr. Samuells opens his letter by observing, "In this pamphlet, Mr. Tayler appeals "from the sober judgment of Government to the *passions* of the public." Whether this be true or not, it is manifest that I *have* appealed to the *passions* of Mr. Samuells. Indeed he has so obviously wrought himself into a condition in which all self-government and all sense of decency are completely lost, that in spite of his virulence he becomes even to me an object less of anger than compassion.

7. Even the Lieutenant Governor, I observe, whose cause Mr. Samuels has volunteered to espouse, with all the zeal of a devoted adherent and all the warmth of a bosom friend, has been compelled to administer a wild rebuke to his over-zealous champion for his exuberant accumulation of abusive epithets; but he has tempered the reproof by making allowance for "some strength of expression," on an occasion on which he (Mr. Samuells) may well "be excused for entertaining strong feelings under unjust and unprovoked attack."

8. I do not here enter upon the question as to which party has the greatest cause for *provocation*, but as the Lieutenant Governor has, in another part of this Blue Book, commented on certain expressions used by myself in the course of the correspondence on the industrial institution, which are far less "strong" than even the mildest terms employed by Mr. Samuells, and has reckoned the "unbecoming language" used in that correspondence as one in the list of "*ex post facto*" offences recorded against me *after my removal*, it may be profitable to inquire what, in Mr. Samuells's case, is considered to constitute "some strength of expression" for which this tender allowance is to be made.

9. I subjoin, therefore, a list of the more choice phrases employed by Mr. Samuells, leaving it to our superiors and the world to decide on their dignity, fitness, and decorum, irrespective of the fact which I shall afterwards establish, that the statements on which they are based are, without exception, utterly incorrect.

Mr. Samuells's Phraseology.

"Strings together a series of libels, every one of which, to a greater or less extent, is "based upon fiction or misrepresentation."

"Daubs freely with the blackest colours his immediate superior, the Lieutenant "Governor and his two successors."

"Fuss and parade;" "dishonest artifice;" "miserable perversion of facts;" "piece of pure slander;" "could not support this calumny."

"Mr. Tayler's statement is wholly untrue."

"Voluntarily making himself the vehicle of the lies and calumny of a parcel of worth-"less intriguers."

"A simple piece of impertinence and wholly untrue."

"Simply talks nonsense."

"Wholly without foundation."

"Silly piece of rhodomontade."

"Perfect audacity."

"Facts and dates manufactured without scruple."

"Statements irreconcilable either with date or facts."

"Pack of impudent and unprincipled libels."

"Vague grandiloquisms, of which Mr. Tayler is so fond."

"Pure romance."

"Imaginary measures."

"Ill-judged measures."

"A man of inordinate vanity, singularly bad judgment, and utterly unscrupulous, venting "his spleen on all around him who are not inclined to take him at his own estimate, or "who interfere with the spurious claims he sets up."

"Cap

" Cap in hand seeks the suffrages of the public."
" Wholesale misrepresentation. Bare-faced claptrap."
" Rottenness of reputation;" " charlatan."
" Misrepresentation and mis-statements."

10. It will, I imagine, be readily admitted that this language is *not* quite " so measured " as is usual in official correspondence," and that the vocabulary of hard words which I have above exhibited, does, as Mr. Halliday has remarked, exhibit some " strength of " expression;" though, as the Lieutenant Governor only applies these very mild terms to the production, and at the same time makes allowance for it, it is to be presumed that a very little less of " strength," and a trifling dash of decency, would, in the Lieutenant Governor's opinion, reduce the phraseology to the proper and becoming standard.

11. I leave this point for the decision of the Governor General in Council.

12. I certainly never anticipated that in gravely and seriously expressing my condemnation of Mr. Samuells' policy, and the appointment of Ameer Ali, I should have driven that gentleman into such a paroxysm of passion that I was myself altogether free from all angry or bitter feelings towards Mr. Samuells personally, will be apparent from the correspondence which I annex (Appendix A.), and which took place just before he committed himself to this violent philippic.

13. In that correspondence it will be seen that Mr. Samuells repudiates all idea of anger, but charity forbids me to believe that he can have written as he has, save under the impulse of uncontrollable excitement.

14. Having made these prefatory remarks, I shall henceforth treat Mr. Samuells' letter as if he had not thus painfully forgotten himself, and confine my reply to the facts and arguments adduced, noticing them in the same way as if they had been expressed with the courtesy which might be expected from a gentleman, or the decorum which befits the correspondence of a high public officer.

15. And here I must premise, that I do not propose to touch in *this* letter on any of those matters which affect our common superior, the Lieutenant Governor of Bengal.

16. Under a full sense of responsibility in the honest, and I trust legitimate, anxiety to vindicate my character before my friends and the world, and in the indignation which every honourable and sensitive mind must feel under punishment which he believes to be unmerited, I have, in my brief narrative, pointed out those instances in which I conscientiously believe that the Lieutenant Governor committed errors of judgment, which embarrassed and perplexed me at a most critical time, and more or less affected the safety of the State. If the Lieutenant Governor considers these statements worthy of refutation, or is able to show that I have misconceived or misrepresented him, his Honor will doubtless do so, and I shall in that case be glad to recall or modify them; but I fail to recognise in Mr. Samuells a legitimate opponent on these points; and in whatever light his championship may be viewed by the Lieutenant Governor, Mr. Samuells must excuse me if I waive the combat; having, as it were, thrown down the gauntlet to the knight, I decline entering the lists with the esquire.

17. Under the principle thus laid down, I do not think it necessary to notice in detail the 3rd paragraph of Mr. Samuells' letter, in which he dilates upon the withdrawal of the district officers from the out-stations, and in a spirit which I imagine all men of generous feelings and gentlemanly idea will unequivocably condemn, endeavours, by ingenious argument and perverted description, to place my proceedings in the worst possible light, and thus maliciously strives to damage the cause for which I am now struggling, and increase the difficulties of my position. Paragraph 3.

18. That a gentleman should thus step out of his way to inflict wilful injury on a brother officer, already suffering from an accumulation of injuries sufficient to break the spirit of most men, is a phenomenon not yet, I believe, witnessed among a body which, with all its imperfection, has usually prided itself on high and manly dealings. Not recognising in Mr. Samuells any right to discuss these subjects with me, I decline to reply to his remarks, though I might easily show them to be as weak in argument as they are malevolent in intent.

19. The subject of " self-laudation " here noticed, I shall hereafter treat upon, in commenting on a subsequent paragraph of the letter in which it is again referred to. Paragraph 4.

20. Mr. Samuells errs in saying that I had at the outset " *attributed my removal to Mr. Halliday's enmity*;" a more cool and careful perusal of my " narrative " will probably convince him of the mistake. That Mr. Halliday's enmity was *connected* with it and rendered him more inclined to accomplish it, I conscientiously believe. That his " *disfavour* " was caused by previous circumstances is an indisputable fact; and that he had intended to remove me before the disturbances commenced, is beyond all doubt or question. Paragraph 5.

21. With these feelings on his mind, it is not unreasonable to conclude that the Lieutenant Governor was glad to avail himself of a supposed error to accomplish what is thus

clearly shown to be a foregone conclusion, especially as my entire line of policy was opposed to his; another fact, which will be made clear before I close this letter.

Paragraph 6.

22. In this paragraph Mr. Samuells has given a summary of my meaning as *regards* the question of *policy*. *With this* summary I have no quarrel whatever; it is, perhaps, the only statement made by Mr. Samuells which can lay claim to accuracy. *Beyond all doubt or question I do proclaim my own policy to have been* "fearless and uncompromising," and conscientiously consider that of the Government and Mr. Samuells to have been "one of conciliation and compromise." Mr. Samuells, with the delicacy which distinguishes his style, says, that I so proclaim it "with a view to secure the popular voice." In the state of excitement in which Mr. Samuells writes, of course, all my motives are bad, as all my actions are wicked! It is a small thing for a man who commits murder and robbery that he should stoop to so humble a vice as to "catch the popular voice" by misrepresentation!

Paragraph 7.

23. In this paragraph Mr. Samuells is very severe and very satirical, but it will be observed that he quietly begs the question throughout, *assuming, without the slightest argument* or proof, that *I have* "bullied peaceable subjects, and made no distinction between those who have rebelled and those who have not"; and again, in the 8th paragraph, after giving me a side blow on the matter of "*fuss and parade*," he again begs the question by stating, *as if such a course were established against me*, that "nothing would so "effectually weaken our hold on the country as *needless* violence and a system of petty "annoyance, which presses indiscriminately on all classes and generates a widespread "hatred of the Government which resorts to it." As this animated tirade is altogether inapplicable to me, I need not further encumber this letter by combating a supposititious crime.

Paragraphs 9 to 18.

24. Contain a detailed account of the interview and communication held between Mr. Samuells and the Lieutenant Governor, relative to his mission and the appointment of Ameer Ali.

25. With all this, however interesting, I have no concern at present. As it is a matter between Mr. Samuells and Mr. Halliday, as well as one of which Mr. Samuells is personally cognisant, I am bound to accept the statement at his hands, merely remarking that the unanimity which appears to have existed in regard to the appointment of Ameer Ali (an appointment which has excited more indignation throughout India than perhaps any one single act) is, if purely accidental and not brought about by any previous concert or consultation at all, a rather wonderful coincidence of thought between Mr. Samuells and the Lieutenant Governor. Ameer Ali himself, I may remark, *en passant*, was supremely ignorant of all these facts, as in my presence, and before many others, he asserted that he had been compelled to accept the appointment, and was himself "lachar," without help in the matter. As usual, some abusive epithets and ungenerous insinuations against myself are interwoven in the thread of this narrative; but Mr. Samuells appears to derive such supreme satisfaction from the mere act of vilification, that he cannot refrain from indulging in it whenever it is possible. Thus, if I insinuate that Ameer Ali had some influence over Mr. Samuells (not a very far-stretched supposition), I am said to "judge from myself;" again, without any proof, it is asserted that "I have busied myself in keeping up the popular delusion; my only object has been to make a little political capital," &c., &c.

Paragraph 18.

26. In like manner if I, unwittingly, call Ameer Ali an "attorney" instead of a "lawyer," which would have been, perhaps, philologically speaking, more accurate, it is not to be supposed that such a word could have been carelessly or unintentionally used; it is, in the eyes of Mr. Samuells, a "dishonest artifice," and not even then having the merit of originality, but borrowed at secondhand from the "Friend of India." Again, if I insert towards in the margin of my narrative, which had been erroneously left out, and which have been inserted in all the copies, I did this only "in the copy sent to Mr. Samuells," and that, too, because I was "aware that I could not support the calumny."

27. The last statement occurs in the 4th section of the 18th paragraph, and refers to an expression used by me, that Ameer Ali is "connected, though not by blood, to some of the worst characters in the district." Mr. Samuells says this statement is "destitute of truth," and "has no foundation whatever."

28. It is far from my wish to do any injury to Ameer Ali, against whom, personally considered, I have no cause of complaint. The only motive I had for noticing any circumstances in regard to his family and connections, was to show that there was nothing in either to point him out as a person peculiarly qualified to secure respect in Patna.

29. It would be a very invidious task for me to rake up all the circumstances which are calculated to substantiate my statement, but if Mr. Samuells is really anxious to inform himself of the facts, let him inquire into the character and antecedents of Abdool Ali, Ameer Ali's most intimate friend and associate for years past; and of Ameer Ali's own older brother, Nusseer Hossein, who was dismissed or compelled to retire from his appointment in the Opium Department for extortion and connivance at torture for the purpose of extortion.

30. With

30. With Ameer Ali's own individual character I have nothing to do. I have, indeed, always regarded him as a clever man, of pleasing address, respectable character in his profession, and otherwise, as to outward seeming, unobjectionable.

31. It is only when I consider him as the "*deus ex machinâ*," when I contemplate him in his theatrical roll as grand pacificator, counsellor, and coadjutor of an English Commissioner, symbol of an unworthy conciliation, and representative of timid compromise, that I deprecate and denounce him.

32. Mr. Samuells, in these paragraphs, takes up the cause of Lootf Ali Khan, and gives *his* account of the arbitration which I undertook between him and Wilayut Ali Khan (*vide* paragraphs 22 and 23). Mr. Samuells appears to think that he has in this matter involved me in an inconsistency, kindly offering me which horn of the dilemma I chose to take. Paragraphs 19 to 24.

33. In this, as in most other matters of fact, Mr. Samuells trips from want of personal knowledge, and from the circumstance that all the information which he has so greedily listened to has been derived from my two enemies, Messrs. Elliott and Farquharson, who, it may be said, are one in spirit, though two in flesh, or from natives, who, to use Mr. Samuells's own expression, "generally suit their statements to their audience."

34. But, in the present case, he trips not in the fact, but in the application and inference derived therefrom.

35. Perhaps I, as personally cognisant of the particulars, and personally concerned in the transaction, can give at least as faithful and exact an account of the affair as Mr. Samuells.

36. Almost immediately after I was appointed Commissioner at Patna, these parties, Lootf Ali, Wilayut Ali, and all their mutual friends, entreated me to arbitrate between them, as their disputes were entailing heavy loss upon them, stopping the business of their joint parcenary, and likely at any time to lead to a serious breach of the peace.

37. I believe their desire for my arbitration was based on the fact, well known at the time, of my having successfully mediated between the Rajah of Domain and his cousin, after all the suits had been judicially disposed of, and my decisions finally upheld in the Sudder Court.

38. This mediation had been attended with the happiest results to the whole family, who are now living together in amity and peace, instead of hatred and litigation.

39. After some time, and repeated solicitations, I consented to undertake this arbitration, and gave myself the trouble of visiting the premises in the heart of the city, and six miles from my own residence.

4. I confess I repented my benevolence long before the case was concluded, as the statements and counter-statements rendered the matter far more complicated than I expected.

41. However, I gave my decision to the best of my ability, and, as all parties had solicited my interference, and agreed to abide by the judgment, I never anticipated that any reference to the Civil Court for enforcement would be resorted to.

42. I am not in the least surprised that legal defects and imperfections were discovered in such a decision, or that some difficulty was found in carrying the judgment into effect when Lootf Ali, contrary to his positive promises to comply, raised objections to it "more asiatico."

43. This is a brief account of this arbitration case undertaken by me with the simple and sincere wish to put a stop to disputes which injured all the parties, and endangered the king's peace.

44. Mr. Samuells will, perhaps, be pleased to discover how near the truth he is in the present instance, when he dates my appreciation of Lootf Ali Khan's character from this occurrence.

45. The fact is precisely as stated. Before I knew little of either party, having only just come to Patna, and knowing the two men only as the only wealthy heirs of Meer Abdoollah.

46. But in the course of the inquiry there was such abundant proof of Looft Ali's duplicity, cunning, and entire untrustworthiness, his statements were so clearly false, and so completely disproved by the documents produced, that I at once perceived he was a worthless character; an opinion not changed by his evading compliance with a decision by which he had promised to abide. While the statements of Wilayut Ali were shown, without exception, to be correct, and he himself was exhibited throughout the proceedings in a character certainly most unusual among Asiatics, and to be justly prized when met with, viz., truth-speaking and honest.

47. So much was this the case that, as these disputes were constantly coming before the magistrate for summary adjudication, I thought it my duty to write officially to him after the close of the proceedings, and point out to him the facts above stated.

48. Mr. Samuells has, therefore, as it will be seen, at last hit upon a fact, and has correctly stated the origin of my bad opinion of Looft Ali, whose real character *I had not previously known*. But when he proceeds to argue that Lootf Ali Khan is a very respectable person, that he is informed by the oldest residents here, "that they have never heard a word against Lootf Ali's character," and to represent him as an ill-used and persecuted man, suffering unworthily at the hands of an iniquitious Commissioner, when I find him received and honoured by the Commissioner, and the Opium Agent invited to picnics, and paraded as an injured innocent to the world, I must enter my very serious protest. I do not wish here to undertake the unpleasant task of entering into the details of Looft Ali Khan's character. All this discussion has already made him of far too much consequence, a consequence which it is not advisable to keep up beyond what is necessary.

49. The deputation of his special friend and pleader, the patronage of Messrs. Samuells and Farquharson; the special honour of a picnic in the company of these gentlemen; all these happy circumstances have combined to bestow upon this "unenergetic opium-eater" an elevation of a very different character from that which the majority of Christians believed him to deserve. And although, if needs be, certificates of scoundrelism, sufficient to satisfy even Mr. Samuells, might easily be obtained from numerous quarters, of much the same character as that recorded by Mr. Finch; and although it is notorious that with the exception of Mr. Farquharson, Mr. Samuells, and, I believe, one other gentleman (lately arrived), not another public officer, would admit him into their doors, I am content to allow him to rest in peace, merely subjoining a letter from an English gentlemen, resident at Patna at the time, and independent of all parties, to show what was the general feeling in regard to this individual. I do not bring forward this letter to impugn the justice of the judge's decision in the particular case in which he was tried; this I have ever carefully abstained from doing, as I consider it altogether unjustifiable, except in the most extreme and flagrant cases.

50. All I have now said in regard to the trial itself is, that I regret the judge should have refused, on my official requisition, to postpone the case for two days.

51. But I think it of importance to show what was the feeling generally among the English gentlemen at the time; and I therefore solicit attention to the subjoined letter:—

"My dear Tayler,

"The trial of Lootf Ali Khan was a subject of great anxiety at Patna. It was said among the natives of the city that in consequence of his trial being in the hands of Mr. Farquharson he would be acquitted. Knowing, or rather feeling convinced, that he was a leader of the attempted insurrection, we looked for his condemnation not only to refute the suspicion, but as a salutary warning to other natives of influence.

"We knew that his principal servants, men of whose actions he must have been thoroughly conversant, had been proved to be rebel ringleaders, and we know that he afforded protection to a mutinous sepoy, who publicly boasted of the Europeans he had murdered. We knew all this, which was afterwards proved upon his trial, and doubted not of his fate; but to our astonishment, mortification, and disgrace, he was acquitted, and borne away from court in triumph by his supporters. This was sufficiently alarming, one would suppose, to the supporters of order, but this was not the climax. A few days after his release, this man, whom with hardly an exception the Europeans of Patna and Dinapore considered a rebel ringleader of the blackest dye, was received with all the honours due to a highly faithful and meritorious subject by his late acquitting judge in his then merely temporary position of Acting Commissioner.

"Could any act of a single man have alienated me from the allegiance due to our Government, this would have done it. I would rather we had been all driven from house and home by an open rebellion in Patna, than that this moral victory should have been yielded.

"We ourselves, from that date, lost all faith in our rulers, and prepared ourselves for desperate defence of our lives whenever it might please the Acting Commissioner to hand us over to the tender mercies of Lootf Ali Khan and his associates.

"Before his anticipations were realised, the new Commissioner assumed office.

"Yours truly,
(signed) "*Henry Whitecombe*,
"A Local Railway Engineer."

"Calcutta, 21 October 1858."

52. Having offered these remarks on this very "respectable man's" character, I proceed to consider Mr. Samuells' observations on the trial itself; and as these contain rather serious matter, I must deal with them at some length.

53. The criticisms of Mr. Samuells and Mr. Farquharson in the proceedings in this trial appear to comprise the following matters of charge, some of them of no trifling gravity against me:

First.—That the commitment was improper and unjustifiable.

Secondly.—

Secondly.—That I attacked the judge with private notes on the trial, urging him to condemn the prisoner.

Thirdly.—That I knowingly and wilfully stated what was untrue in regard to one Guseeta, whom I represented as in Lootf Ali Khan's service at the time of the *emeute* in Patna, but who (it had been proved) had been absent or discharged for three months previous.

Fourthly.—That the other Guseeta was not in Lootf Ali Khan's service at all as stated by me.

54. With regard to the first statement, viz., that the commitment was "improper and unjustifiable," I need only say that I differ. Mr. Samuells is severe and satirical in regard to certain defects in the indictment and deficiencies in the proof, but he argues like a Sudder judge in ordinary times of tranquillity and peace, and such criticism will not, I imagine, be entitled to much weight. Although I had "forgotten to *ascertain* whether the man was a mutineer or not," the man *was a mutineer* for all that, and was hanged accordingly!

55. At all events this point must resolve itself into a matter of opinion. I thought the evidence sufficient *for a commitment*, and therefore committed, after brief preliminary inquiry. Several witnesses swore to having heard the sepoy say he was engaged by Lootf Ali Khan, and boast of his exploits at Benares, where he had, as he said, "marred" the English, and it will be observed that their evidence was fully substantiated. Another deposed to his having seen him in Lootf Ali Khan's *premises*, although he had been heard by himself and three other witnesses making these open vaunts of his prowess. The sepoy himself admitted he was on Looft Ali Khan's premises as an "Omedwar" for some days; finally, it was of immense importance, at the time, to show that while the poorer class of conspirators were promptly secured and punished without compunction, no exception would be made in the case of the more powerful and wealthy traitors.

56. On the second point, which, I observed, has formed the ground of a formal charge against me by the Lieutenant Governor, in his Minute of the 8th of August, I need only quote my comments on that charge, as contained in my memorial.* * *Vide* App. (B).

Charges thus unfairly made and unfairly supported, must recoil upon the head of those who adduce them.

57. The third imputation rests upon the ignorance of Mr. Samuells.

58. It would, beyond doubt, have been unfair, not to say dishonest, if in the full knowledge that this Guseeta's actual absence for three months prior to the *emeute* had been *established* by evidence, I still had urged the crimination of Lootf Ali, his master, on the ground of his having been present at Lootf Ali Khan's house; but Mr. Samuells, in his intense anxiety to fix culpability on me, forgets or overlooks the fact that this evidence of Guseeta's absence was produced on *Lootf Ali's trial, before Mr. Furquharson, not in the trial held before me*, and that till I saw the Blue Book a few days ago, *I never heard that such evidence had been offered.*

59. In the trial held before Mr. Lowis and myself, in which Guseeta was sentenced to death, the prisoner *himself admitted* that he was at his master's house that very night, and went by his order to *see* the disturbance.

60. So that when Mr. Samuells uses such violent language, and talks of this case, with reference to this supposed mis-statement, as being one that I should be "ashamed to mention," he has allowed his anger to overrule his discernment.

61. In regard to the other Guseeta, it is true that he was not individually Lootf Ali's actual servant, but his mother lived in Lootf Ali's zenana, being his mother's ayah, and it was notorious that Guseeta himself was constantly in attendance at the house as a dependent and hanger-on, and was a servant in all senses, save that instead of receiving regular and fixed wages himself, he was, in fact, a "picker-up of inconsiderate trifles" on the establishment. In most places where I have referred to this man, I have, as will be perceived, mentioned this *in detail.* In the narrative I have, I perceive, called him shortly a servant.

62. With regard to the evidence adduced on the trial of Lootf Ali Khan to prove that Guseeta the elder had been absent for three months prior to the *emeute*, I may, perhaps, remark, that as the establishment of this point was of the utmost importance to the interests of this wealthy prisoner, Lootf Ali Khan, the Rothschild of Patna, and the current price of witnesses to a simple fact of that nature is not very high; such direct evidence on behalf of a wealthy man is not for a moment to be put in the balance with the far more convincing evidence of fact.

63. Guseeta is *said* by Lootf Ali Khan's witness to have been absent for three months, but Guseeta *was on the spot on the night of the riot.*

64. When Lootf Ali was put on this trial, and it became a matter of importance to *him* that Guseeta's connexion with him should be disproved, *then* for the first time, it is alleged, that Guseeta had "absented himself on account of sickness."

65. When there was no idea of Lootf Ali Khan's being implicated, Guseeta, in the innocence of his own heart, admitted in his defence before myself and Mr. Lowis, that he *had that very night been at Lootf Ali's house.*

66. Thus it appears, 1st, that when I expressed an opinion, that Lootf Ali should be called to account on the ground of this Guseeta's, and the other Guseeta's direct complicity in riot and murder, the only fact as regards Guseeta the elder that was then known to me was, that he had been a ringleader in the riot; that he was Lootf Ali's servant, in his employ, and at his house on the said night. The convenient plea "of absenting himself on account of sickness" I knew nothing of at the time, and have *now for the first time read* in the Blue Book.

67. Mr. Samuells's facetious remark, therefore, about *ci-devant* servants, spoons, &c., which close the 28th paragraph of this letter, may lay some claim to smartness, but are not very appropriate, or in particularly good taste. To sum up, then, the case of this respectable man whom Mr. Samuells and Mr. Farquharson delight to honour, and who graced the picnic on board the ferry-boat with his presence, at the express invitation, I understand, of Mr. Samuells himself, and to the intense disgust of all other gentlemen at the station, who know everything about him; it appears—

First.—That in the opinion of the great majority of European residents he was a man of notorious bad character, dissipated, intriguing, and disaffected.

Secondly.—That I had, from my own experience, during the arbitration case, discovered him to be even among Asiatic story-tellers,—a story-teller *par excellence.*

Thirdly.—That he had latterly contracted a most suspicious intimacy with the Wahabee Moulvies and the Kotegusht Darogah, all of whom were objects of general suspicion, and it was at a party given by him that a warning was given to the Moulvies and others not to attend the meeting, at which I arrested them.

Fourthly.—That Guseeta admitted to be his jemadar, and, as *then* appeared, living in Looft Ali's house at the time, *was proved to be one of the principal actors in the religious outbreak in which Dr. Lyell was murdered.*

Fifthly.—That another Guseeta, who was convicted and hanged for the same crime, was the son of an ayah in the service of Looft Ali Khan's mother (an old lady who has always made a pet of him, and who lives with the women of his zenana, separate from Willayat Ali), and this Guseeta himself, though not receiving regular wages, was a regular hanger-on of the establishment.

Sixthly.—That a mutinous and boastful sepoy, afterwards hanged by the judge, was known to have remained unquestioned in this Lootf Ali Khan's *premises* (his uncle being another servant of Lootf Ali's), and heard to *vaunt of his exploits against the English.*

68. I am inclined to believe that when all these circumstances are considered, and our critical position is remembered, I shall not be considered to have far outstepped the bounds of decency and prudence, in committing this man for trial before the sessions judge.

69. If the proceedings conducted at such a crisis be subjected to the astute criticism and rigid scrutiny of a learned judge of the Sudder Court, defects and irregularities may doubtless be detected. I did not at that time profess to regard the mere subtleties of legal procedure, or the delicate technicality of forensic form; my object was to strike down treason and disaffection wherever I believed it to exist, to overawe the treacherous, save the lives of our countrymen, countrywomen, and specially prove before all, that no wealth, or seeming respectability, would screen a suspected traitor from prompt and sure punishment.

70. Whether my proceedings in regard to this man are in any way open to reasonable objection, rather whether they were not calculated to have the best effect upon the native mind, and whether they were not more appropriate to the time and more befitting the character of Englishmen, than those which have since been substituted, I leave to all impartial judges to pronounce. Mr. Samuells, apparently on the evidence of my two opponents, Messieurs Elliott and Farquharson, pronounces Lootf Ali Khan a "respectable man;" but even if they regarded him as a suffering angel I would yet ask whether it was judicious, decent, or polite when Mr. Samuells stepped into my office, that he should, after all that had happened, and forming his judgment solely from the opinion of the two men who were opposed to me (one a gentleman under native influence, and the other notoriously under the influence of his friend), display the singularly scandalous scene before the natives of a wanton and ostentatious opposition, on the part of one high officer towards another, at a time when it was specially desirable that strength and union in the ruling class should be exhibited.

Paragraph 29.

71. The next paragraphs of Mr. Samuells's letter are devoted to Ameer Ali. The force of the observation on the 29th paragraph entirely depends on the character of Lootf Ali; as Mr. Samuells is his admirer, all I can say is, I do not envy his taste, and cannot applaud his discernment.

72. This

72. This paragraph is somewhat more important, as it professes to show that an assertion, made by me in regard to the appointment of Ameer Ali, is entirely without foundation. Paragraph 30.

73. The assertion referred to was to the effect, that Mr. Halliday had appointed Ameer Ali Lootf, Ali Khan's confidential friend and adviser, to be Assistant Commissioner, at the very time a reference was pending before him, as to whether criminal proceedings ought to be taken against Lootf Ali, on the ground of the complicity of his servants in the murder of Dr. Lyell.

74. Mr. Samuells says, that assertion is entirely without foundation; "the Supreme "Government having pointed out to Mr. Tayler several days before his suspension, or "Ameer Ali's appointment, that the facts he stated did not justify any proceedings against "Lootf Ali Khan."

75. Now Mr. Samuells being in office, and having command of the records, has an advantage over me. I am bound to believe the existence of this letter from the Supreme Government, but can only say, that to the best of my recollection I never saw, certainly never read it, proof of which I shall immediately give.

76. This may be easily accounted for; as if it reached the office a few days before my suspension, it must have arrived at a most critical, anxious, and excited period, when I had scarce a moment's leisure, night or day; and this probably either escaped notice, or was cursorily or carelessly glanced at.

77. If, however, such a letter is in existence (which I do not doubt) it does not affect my statement that my reference to the Lieutenant Governor was "yet "unanswered."

78. The mere incidental expression of the Governor General's opinion to the Lieutenant Governor on such a subject cannot be regarded as an answer made by me to the Lieutenant Governor in a matter within his honor's cognisance, unless the opinion was adopted by him, and pointed out to me, *as* the answer to the question put, and, whatever Mr. Samuells may think, it is very evident that the *Lieutenant Governor himself* did not consider that my reference had *been* answered, as I shall now clearly prove.

79. I beg to refer to a letter printed in page 160 of the Blue Book, by which it will be seen that in the month of October last, *while in Calcutta*, I addressed the Secretary to the Government of Bengal officially *requesting him to inform me, whether any reference regarding the institution of criminal proceedings against Lootf Ali had been answered.* I solicit particular attention to Mr. A. R. Young's reply, in which he informs me, *not* that an answer *had been sent* (as Mr. Samuells says it has), nothing of the kind, but simply that "With "reference to your last paragraph I am to state, that on the receipt of the letter referred "to by you, the record of the trial of Lootf Ali Khan *was sent for, and has been submitted* "*to the Supreme Government.*"

80. Not a word, it will be observed, is here stated that any answer had been given to my reference, or that any opinion had been expressed by the Supreme Government, or that such opinion, if expressed, was to be considered an answer to the reference on which the Lieutenant Governor's advices and instructions had been specially solicited.

81. Now I wrote that letter of inquiry, in October, for the express purpose of ascertaining, that I might be sure to speak correctly on the point, thinking it possible that an answer might have been sent since my removal. Mr. Young's letter led me necessarily to believe that no answer had been sent, and I consequently made the statement.

82. When I made this enquiry, I was in Calcutta, absent from the office, and having no access to the records; and thus if I have been mistaken, I have been led into the mistake by Government itself.

83. This paragraph is devoted to show that, because Lootf Ali's proper person was in gaol, it was *physically* impossible that he should send money to Calcutta. Paragraph 31.

84. Mr. Samuells has apparently forgotten his Horace, or he would have remembered the vivid description of the potency of gold to penetrate through the midst of guards, and burst through rocks. So old and able a magistrate should have profited more from his experience.

85. This paragraph exhibits a further instance of Mr. Samuells' local ignorance; he is not apparently aware, that besides the joint banking house conducted by Lootf Ali and Willayut Ali, each has a separate concern; and he (Lootf Alli) is known to be in possession of immense sums in cash and jewels. Paragraph 32.

86. Mr. Samuells must excuse me if I observe, that knowing as he does the emnity between the uncle and nephew, and having himself expressed an opinion, that Willayut Ali was the instigator of the charges against Lootf Ali, it really is rather foolish to imagine, that he (Willayut) would have allowed any of the coparcenary funds to be employed to counteract his own designs; or that Lootf Ali would thus show his cards to

his malignant enemy. Indeed to imagine that such a remittance, if made, would be entered in a "banking book" at all, appears to me only to prove that Mr. Samuells has lost sight even of the commonest deductions of common sense.

Paragraph 33.

87. I have little to remark upon this paragraph, save that Mr. Samuells little knows the real character of the man he writes about. Mr. Samuells has been but a few months at Patna; he has seen this man of "quiet unobtrusive character," he says, on a few visits of ceremony. From what then has he formed his judgment? He may not be himself aware of it, but I and others know that he has in fact been made the tool and dupe of a disreputable Mahomedan party, and, unfortunately for his reputation, as an officer of sound discernment, has listened to the innuendos and tales which Asiatics know so well how to instil without giving cause for suspicion. He has accepted these for truth, and has thus been entrapped into the present painful self-exposure which his friends must deplore, and, even his enemies compassionate.

88. I foresaw this would be the case; I knew that my removal, and the appointment of Lootf Ali Khan's legal adviser to the Assistant Commissionership, must be regarded as a triumph to Lootf Ali. I warned Mr. Samuells when he went to live with Mr. Farquharson, to remember that he was "my enemy," and I hoped from what I knew of his character previously, that he would see with his own eyes, and judge for himself.

89. But with Ameer Ali moving the string, Moula Buksh removed out of the way, Ameer Ali's hereditary friend brought down into his place, and a clique of low Mahomedans to regulate the moves, and arrange the game, Mr. Samuells has been a puppet in the hands of a party, and the melancholy spectacle has been exhibited to the world of Patna, of the whole machinery of Government being, apparently, brought into play to rescue wealthy traitors from deserved punishment, to devise strange and unheard of schemes for their protection, and to heap ruin and disgrace on an English officer, who, in the midst of unprecedented difficulty and appalling dangers, was at least striving earnestly to do his duty to the State, his country, and his fellow Christians.

Paragraph 34.

90. This paragraph deserves quotation in its entirety, being a choice specimen of the style which Mr. Samuells has selected for his voluminous philippic. I give the whole paragraph below.

91. Ameer Ali, it is said at page 22, "was sent up as my counsellor and coadjutor, which I need not say is a simple piece of impertinence on Mr. Tayler's part, and wholly untrue."

92. Certainly if it is "wholly untrue," it is "impertinent," but if Ameer Ali was *not* Mr. Samuells' counsellor and coadjutor, what was he?

93. In the celebrated letter written by Mr. Samuells in the style of the ancient "Apologies," and which the *Friend of India's* English correspondent styles the "special pleading" of Mr. Samuells," the special reason given for Ameer Ali's appointment is, that he was intimately acquainted with all the principal people in the district, and likely to know the secret springs that actuated them, &c., all which would be good reasoning as far as it went in support of the appointment, *if the Commissioner was to derive the benefit of his advice* and suggestions; but what becomes of the argument if all this experience, knowledge, and insight into the secret springs of Mahomedan bosoms was to be confined in Ameer Ali's breast, and not to be imparted in the shape of counsel to Mr. Samuells?

94. Ameer Ali, Mr. Samuells asserts, had no power himself whatever; so that all this insight and knowledge were useless to him, and could only be brought into play, or developed in profitable action by being communicated to the Commissioner; speaking mesmerically, until Ameer Ali was placed the "*en rapport*" with his patron, this subtle power, which was to tame down the malcontent Mosulmans, could not take effect.

95. If then he *did* impart the secret of his own more intimate knowledge (which was, according to Mr. Samuells, the special ground of his appointment, and the peculiar qualication which, above all others, he possessed), did he not, by the very act, become, to all intent and purpose, Mr. Samuell's counsellor?

96. Again, Mr. Samuells says, he was employed to correspond with the zemindars and others on important matters, and, on the occasion of the Mohurrum, we have him represented in the interesting character of "Orpheus," with Mr. Samuell's programme newly drawn out, lulling, by the charms of his voice, and the persuasion of his tongue, the excited passions of the people, an important service to which Mr. Samuells, indeed, attributes the peaceable character which pervaded the festival!!

97. Is it not somewhat ungrateful of Mr. Samuells to repudiate for his assistant who performed such services the title of coadjutor?

98. Coadjutor, as far as my recollection of Latin goes, means "assistant," the very title by which the eloquent pacificator was officially designated.

99. And yet, my applying to him these terms, is designated by Mr. Samuells as "simple impertinence," and "wholly untrue!"

100. These

100. These paragraphs are devoted to an examination of the acts performed by Mr. Farquharson and Mr. Samuells, after my removal. Paragraphs 35 to 42.

101. I will note them in the order which Mr. Samuells has assigned to them :

First. " The Mahomedans, Mr. Tayler suspected, were received by his successor."

102. I have already shown what the general opinion and feeling was in regard to Lootf Ali Khan. With such a feeling prevalent among the European community in the face of the opinion which it was well known, I, the former Commissioner, had entertained of the man, I maintain, on the most calm and dispassionate review of the circumstances, that for my successor so soon, and so readily to receive him at his house as Mr. Farquharson did, was injudicious and indecent. The display of such obvious and wanton opposition during the brief interregnum of four days, appears to me, as it did to many, to be vulgar and mischievous, little calculated to uphold the dignity of the English character, or secure the respect which all Englishmen should wish to see paid to each other. The same may be said of the Wahabee Moulvies who, though placed under surveillance for political reasons, chiefly, were generally believed to have been, before that period, actively plotting for mischief; and of two of whom there are in the letters of the chief conspirators most suspicious mention.

103. Mr. Samuells being himself personally ignorant of the man's character, should have been more cautious and discriminating, and whatever he may say, the influence of Ameer Ali and other Mahomedans are in this matter palpable to everybody.

104. It is rather remarkable, that according to Mr. Samuells, *I did nothing right, not even by accident;* the whole course of my proceedings, according to him, exhibits one continuous and unbroken concentration of error, iniquity, and wrong. Paragraphs 37 and 38.

105. When the disastrous defeat of the Dinapore detachment was known, and our danger became most imminent, I held it to be of the utmost importance, that while we took all precautions possible, and made prompt arrangements for the concentration of our strength and protection of isolated Christians, we should yet display a firm front at Patna, and not suffer the people for a moment to imagine, that in consequence of this disaster, and these defensive arrangements, we had the slightest apprehension of them, or intended to relax either the discipline or the rigour of our supremacy.

106. With this view it was that I removed the gallows, which had hitherto been placed near the gaol, by a roadside, at a distance from towns, bazars, cutcherries, and people, and had it placed in the centre of the parade ground, in full view of the magistrate and commissioner's cutcherries, the lines of the local battalion, and the great thoroughfare which leads from Dinapore to Patna; at the same time I took the opportunity to complete the trials of several conspirators who were condemned to death, and hanged, after short shrift, on the spot.

107. I did this deliberately, and with a purpose, deeply considered, at least, whether right or wrong.

108. On this Mr. Samuells remarks, " The gallows had been put by Mr. Tayler, *not* " where the Mahomedans congregated, as he would fain have the public believe, not where " it could act as a terror or warning to the native community."

109. Mr. Samuells certainly does exhibit a very striking ingenuity of fault-finding and elaborate skill in censure, which, if better applied, would be worthy of admiration.

110. Those who know the localities of Patna will, I imagine, at once admit that with a view to *example, publicity,* and *convenience,* no other spot could, by possibility, have been selected so appropriate, and so entirely adapted to answer the end in view, as the centre of this public course. How Mr. Samuells justifies the remark, " as he would fain have the " public to believe," I cannot imagine. To constitute it an " indecent purposeless act " it is clearly sufficient that it was done by me, and to my part in the matter may be attributed the delicacy and refinements of Mr. Samuells' feeling for the English ladies, who are represented as " driving on the spot."

111. This is interesting, but not very apposite, because, in the first place, part of my plan was, that all the ladies at this crisis should go to Dinapore, which almost all did; and *secondly,* because I believe no English lady would be so weak as to object to the sight of a gallows in the centre of a plain, if she thought its position calculated to overawe those who might be thirsting for the blood of her fellow Christians.

112. It may not be irrelevant to mention, that the gallows of Mozufferpore has graced the racecourse there, I understand, for years! and I have never yet heard that any of the ladies at the station has suffered from the sight or complained of it as indecent.

113. Require no comment. Mr. Samuells is entitled to his own opinion; all I can say is, I differ. If I had taken Native advice, as Mr. Farquharson and Mr. Samuells seem to have done, I should never have issued an order which must, of course, have been attended with great inconvenience to the trading community. I did not think of the convenience of the trading community, but the safety of my countrymen and the honour of the English. Paragraphs 39, 44, and 41.

114. These "respectable native" were quite sharp enough to see that I was in disgrace, and all my measures in disrepute; that patent pacificators had been sent up express from Calcutta, and in this knowledge they doubtless suited their remarks to their audience, as Mr. Samuells himself says it is their practice to do.

Paragraph 43.

115. In this paragraph Mr. Samuells seems to suffer under an acute paroxysm. I said, in my narative, "more fortunately still, English soldiers, guns, and fortifications, which we never had before, even in our greatest danger, neutralised the effect of these pitiful and unmanly proceedings."

116. On this Mr. Samuells becomes abusive, defies me to name any one fact which supports my pitiful insinuation; whereas I made no insinuation, but a direct assertion, and as I myself stated, that all such *facts* were obviated by the presence of guns and English soldiers and entrenchments, have, of course, no *facts* to adduce. Had there been facts, there would be no need of argument.

117. It is simply true that at the time I mention, there were, and have been, ever since Mr. Samuells' appointment, English soldiers, guns, and fortifications, not only at Bankipoor, but also at the Opium Godown, and it is a fact, that Mr. Samuells, in his former letter, written in defence of Ameer Ali's appointment, when indulging the amusing description of Ameer Ali's haranguing the multitude, explaining the resources of the British Government, and thereby preserving peace, has not scrupled to say, that peace and quiet were maintained "*without any display of military force!*" Mr. Samuells little knows what universal ridicule this statement has produced, among all who have read or heard it. Not only does it contain a deviation from the truth, but it is so supremely ludicrous to all who know Patna, and understand the character of the people, that it will probably be a standing joke for years to come.

118. But passing over these subjects of pleasantry, I must now proceed to the more painful task of exposing actual, though, I trust, not wilful mis-statement. Mr. Samuells, with that irrepressible anxiety to fill up all the corners and interstices of my character with the darkest colours of official turpitude, has, in this little angry paragraph, made two statements, which it certainly is difficult to read without some indignation, but which I shall content myself with simply refuting.

119. These statements are—

First.—That I had all the gentlemen of the station to keep guard at his (my) house at night.

Secondly.—That the "senior civilians refused to go."

Thirdly.—That I "fortified my house out of the funds of the Industrial Institution," *i. e.*, that I was simply the incarnation of selfishness and a thief, and that the "senior civilians," with a noble indignation, which prevented them from sharing the protection offered, refused to countenance my proceedings." When a man does make up his mind to enter upon a task of thorough-paced vilification, he should at least be careful about his facts. Let us examine the facts of Mr. Samuells. When I proposed making my own house a place of general rendezvous for protection and defence against all possible attacks of the mutinous regiments, it was with special reference to the fact, that its high and spacious roof would offer protection to all Christians, men, women, and children, and that we might from that roof be able to hold the position until the English soldiers should arrive.

120. With this view I threw open my house, and all that was in it, to all who chose to come. My wife and myself on the nights of gathering were frequently driven into impossible corners for such snatches of rest as might be obtained. Our rooms were filled with gentlemen, ladies, children, ayahs, who were free to come and go as they fancied.

121. In Mr. Samuells' bilious imagination all this was pure selfishness. To this I will merely suggest that those who were present at the time are perhaps as good judges of the fact as himself, and possibly he may not have reflected, that although the arrangement would probably have secured the safety of all the residents, it would *inevitable have entailed the destruction of all my own property*, as the plan was to retire to the roof, and not defend the rooms below. As it was the place of rendezvous on occasion of alarm or danger, so it was also made the head quarters of the volunteers who patrolled the city and suburbs at night, and met at the house for consultation and orders.

122. So much for Mr. Samuells' delicate personality on the first item.

Now, as to the senior civilians who, according to Samuells, "refused to go."

123. These senior civilians at the station were Messrs. Garrett, Farquharson, and Woodcock.

124. Before Mr. Samuells makes such free use against me of these elderly gentlemen, he should have taken more pains to ascertain with accuracy the real facts of the case.

125. It so happens that on the only three occasious of imminent danger, viz., the 7th June, the 3rd July, and the 25th July, *i. e.*, on the first night that the mutiny was expected,

pected, the night on which the *emeute* in the town took place, and the afternoon of the mutiny, these "senior civilians" *did honour my poor roof with their august presence.*

126. On the 7th of June, Messrs. Farquharson, Woodcock, and Garrett, with their respective wives, families, and children, passed the entire night at my house, Mr. Garrett's lady occupying the best bed in the best room to the exclusion of the mistress of the house.

127. Before the 3rd of July Mr. Garrett was no more; but Mr. Woodcock and family, Mr. Farquharson with his wife, and Mrs. Garrett and her child, again took shelter in my house, and passed the whole night there; and again on the day of the mutiny, all, including Mr. Elliott, were present. These are facts which none can dispute, and which Mr. Samuells might easily have ascertained, if he had been desirous of writing accurately instead of abusing me.

128. We now come to item three of this charge, viz., that I fortified my house *out of the funds* of the Industrial Institution, *i. e.*, as I said before, I committed theft! so as to complete my character of rogue *teres atque rotundas.* It will be seen before this letter is concluded, that Mr. Samuells also charges me with judicial "murder!!" Now the simple fact which has given colour to this pleasant accusation, is this: The ground of the Industrial Institution is just outside my compound; as the rains approached, it became advisable to erect some thatched choppahs along the roof of my house to afford protection to the numerous ladies and children who slept therein. There were at that time a gang of dhaugurs digging the canal on the Institution ground, and a number of carpenters engaged in making bridges, huts, &c., all receiving monthly wages.

129. The work on the roof being required quickly, I begged Mr. Davies, the superintendent of the Institution, appointed by Government, to send for these men, and set them to the task. I have since called on Mr. Davies to state what he remembers of the case. Extract from his reply is annexed, *vide* Appendix (C.).

130. Now, considering it was for such a purpose, and had nothing to do with me personally (for my wife and daughters never once passed the night on the roof), it would have been no very heinous crime if *I had* let these men do this public work, have said nothing about it, and mulcted the Institution grounds of a few days labour!

131. But I was so particular to avoid even this, that at the time I told Mr. Davies to keep in his account book a *separate detail* of the expense incurred, *i. e.*, the value of so many men's labour for so many days, that it might be adjusted afterwards. This was done, and at the very moment Mr. Samuells stopped to record this low and paltry charge, he might, by looking at the accounts, have seen this separate entry, and have reflected, whether if I had intended to misappropriate the Institution "fund," I would have thus made a record of the theft against myself.

132. The accounts and detailed expenditure were *all* in the hands of the superintendent, and only seen by me at the close of the work.

133. I was shortly afterwards expelled from my appointment, and came to Calcutta; only on my return were the accounts seen by me, and were under examination and adjustment when I last left Patna in the present month.

134. While Mr. Samuells thus charges me with stealing the *funds* of the Institution, he can scarcely have been ignorant of the fact, that my house and table, with all that was in it, was at the disposal of all who came; and if he would try the experiment of such hospitality himself, he would arrive at some estimate of the cost incurred.

135. It is not for me to dilate upon this, and I should not have referred to it, but for the despicable attempt, after all I did for every Christian in the place, and the heavy expenses I incurred, to fix upon me the charge of stealing some 40 or 50 rupees.

136. When Mr. Samuells returns to his senses, he will, I suspect, be shocked to see to what length his fury has transported him.

137. Some matter worthy of remark is contained in this paragraph; of course I cannot hold an opinion or broach a theory, in Mr. Samuells' opinion, witnout borrowing it from others. I steal my ideas as I stole the funds of the Institution, and murder the views of the "Friend of India," as I murdered the innocent men who were executed by my order. Paragraph 44.

138. I leave Mr. Samuells to the satisfaction of his own opinion on this point.

139. But when he says that, "if Mr. Tayler really did believe while he was Commis-
" sioner of Patna, that this mutiny originated in a gigantic plot, he is bound to account to
" the Government for having patronised Mahomedans, and confided in them to the extent
" he did up the time of his removal." When Mr. Samuells broaches this opinion, I must demur to his argument altogether. As, however, he has again touched on the same point in a subsequent part of the letter, I will take up the subject hereinafter.

140. The 45th to the 57th paragraphs, inclusive, all refer to matters between the Lieutenant Governor and myself, with which Mr. Samuells literally has nothing whatever to do. Paragraphs 45 to 57.

141. It were easy for me to show how completely he has failed in his self-imposed defence of Mr. Halliday, how he has been misled in some instances, by only seeing part of the documents, misunderstood somewhat obtusely the point of others, and advanced untenable arguments and incorrect assertions; but as I have before said I decline to enter upon these points with a vicarious or proxy opponent. I wait until I find whether the Lieutenant Governor himself objects to the statements recorded by me in my narrative. If Mr. Samuells is determined to wage war, he must, as regards those matters, be contented with a monomachia.

Paragraph 58.

142. On the 58th paragraph he says, "I think I have shown, all I have stated conclu- "sively to be deserving of no other name, than *that of a pack of* impudent and unprin- "cipled libels!!!" Rather a novel style of controversy this, and one which I have no desire to emulate or adopt.

Paragraph 59.

143. In this paragraph Mr. Samuells expresses a "wish that he could stop here, but "notwithstanding this wish, considers it his *duty* to examine my claims to the extravagant "praise which I bestow upon myself."

144. He there quotes several expressions used in my narrative, and hits me hard with the adage, that "true merit is never noisy."

145. As Mr. Samuells himself has not been superlatively quiet or subdued in his present attack, the quoted adage might possibly be considered appropriate to himself; but, as it is not my wish to recriminate, I will merely offer an explanation on the subject of this self-laudation.

146. Mr. Samuells has indulged in a profusion of severe and somewhat abusive epithets against me, because I have ventured *to praise myself.*

147. Several paragraphs have been devoted to this purpose, and great "strength of ex- "pression" has been employed to illustrate and verify the withering sarcasms with which he overwhelms me, for this apparently unpardonable sin.

148. Perhaps it will be sufficient to appease Mr. Samuells, and procure forgiveness for my "inordinate vanity," if I remind him that I have only ventured upon this self-laudation, which has so marvellously stirred his bile, after I had been summarily ejected from my appointment, accused of acting under a panic, and subjected to indignity, slander, and insult.

149. Had I wantonly launched out into the vanity of self-praise, before this accumulation of injuries, and without any good or sufficient cause, I might have justly subjected myself to the reproof of Mr. Samuells, or any other gentleman of sensitive nerves and bashful predilections.

150. As it is, however, self-laudation was, in my case, my only resource, and simply resorted to in self-defence.

151. Whether I have said anything of myself that is not fully borne out by the testimony of others, I leave to Government to judge, after a careful perusal of the letters which I have already printed in the Appendix of my defence, and, if the Lieutenant Governor desires it, of many more of a similar purpose now in my possession.

Paragraph 60.

152. This and the following nine paragraphs are devoted to an examination of the several facts on which I "found my boast that I saved Patna."

153. These facts he specifies, and it will be convenient to notice them in the same order as they are placed by Mr. Samuells:

First.—Compelling the inhabitants to remain within their houses after nine o'clock.

Secondly.—Disarming the city.

Thirdly.—Detecting and baffling conspiracies.

Fourthly.—Arresting the Wahabees.

Fifthly.—Hanging or imprisoning the chief criminals.

154. The first measure, viz., the keeping the townspeople in their houses after nine o'clock, Mr. Samuells considers he has already disposed of, having, as he says, shown "what a very useless measure this was."

155. He does not seem to think it possible that his opinion can be mistaken, and speaks as from the "tripos" in all such matters; but it is not a point that can be reduced to proof. All I can say is, that I thought it of great importance; and, in similar circumstances, it is one of the first measures I should again adopt.

156. Secondly.—With regard to the disarming, Mr. Samuells, who seems to consider his *ipse dixit* entitled to all the weight of an oracular edict, graciously observes that he has "no fault to find" with it; a condescending concession from one who has hitherto so unsparingly condemned all my unhappy efforts. But he objects that it was incomplete; doubtless

doubtless it was ; a complete disarming of a large city could not be accomplished in a week, or even in a month.

157. This measure, as all my other measures of coercion, met with such marked discouragement, that I refrained from subsequently carrying it out to the extent that I otherwise should.

158. But all those who did not produce their arms, or present the lists required, doubtless concealed or removed them, and thus they would cease to be available at a minute's warning, which was in itself a great end gained. At all events, the effect of the order was in all respects good ; it showed, at least, that I did not fear the people, that I was prepared to maintain a strict and stern discipline in the town, keep down the turbulent and disaffected with a high hand, and not to trust to programmes, compromise, or conciliation.

159. Mr. Samuells here assails my statement, that conspiracies were detected and baffled, " adding," " now I deny that any conspiracies were detected or baffled by Mr. " Tayler's *means*." Paragraph 62.

160. This is a broad and bold assertion, and deserves inquiry. Viewing the point logically, it might be sufficient to point out that, as my assertion only was that " conspiracies were baffled and detected," and Mr. Samuells himself admits that they were, I need not trouble myself with further arguments in support of the averment.

161. But Mr. Samuells' demurrer is not to the fact of the plots *being baffled* and detected, but their being baffled and detected by *my means*.

162. On this I willingly join issue, and first, I admit it to be perfectly true, that the first discovery of Ali Kurreem's plot was accidental, and made by the magistrate of Tirhoot. It came to light by the arrest, on suspicion, of Waris Ali; but because this was the case, is *all merit* to be taken from me, for the prompt pursuit of the other conspirators, the seizure of Ali Kurreem's papers, the capture of his followers, the tracing out of his connection with Peer Ali, the speedy execution of Warris Ali, his accomplice? Is the general deprived of all share in the result, because a soldier, or a captain, has performed a martial action, or made a lucky seizure?

163. Is Mr. Samuells so intimately acquainted with the secret of these plots as to be able to say, with confidence, how far they were *baffled* by the measures I had previously adopted: the arrest of the Wahabees, the opening of the dâks, the sharp look-out kept upon suspicious characters, especially some Wahabees whom we suspected of communicating with the Sepoys?

164. Is Mr. Samuells quite *sure* that the bold front assumed, the fearless measures taken, the defensive precautions made, did not, to some extent at least, baffle these plots and conspiracies? Is no credit to accrue for the arrest of Peer Ali and his accomplice, the seizure of his letters, and the incessant and vigorous following up of every clue and vestige of the plot, because I did not " call out the Seikhs from the godown myself," and *myself* " take down " the reinforcements despatched from Patna? which would have been simply the height of folly.

165. Who allotted the Seikhs to the godown which Dr. Lyall " called out "? Who directed Captain Rattray to send reinforcements, but myself?

166. The arguments used by Mr. Samuells would deprive the commander in chief of all credit for the successful issue of a campaign, unless he had done everything with his own hand, led himself every regiment into action, and headed in his own person every desperate charge.

WAHABEES.

167. The whole of this paragraph is employed to show that the *Wahabees gave information* of the plots in the city when nobody else did, and *therefore* were " par excellence " *the* loyal party, and that I was the person to blame for not paying attention to the message sent us by old Jhalee Buksh, the father of Moolvee Ahmed Ollah, whom I had placed under surveillance. Paragraph 63.

168. The story about Asli Ali *mentioning* to me that there were *fears* of a disturbance, is a story; that, as far as my recollection goes, I read now for the first time. If such *mention was* made, its very indefinite character entirely excludes it from the category of information.

169. Hundreds told me that mischief was brewing, and disturbances might be expected.

170. This, therefore, may be passed over.

171. With regard to the messenger sent by " the oldest man of the sect," and whom, being *completely* engrossed at the time, I transferred to Mr. Lewis, for cross-questioning and consideration, I now find for the *first time* that Mr. Samuells attributes blame to *me* in the matter!

172. It is a singular fact that, before Mr. Samuells had conceived the violent animosity against myself, which pervades the entire substance of his 81 paragraphs, and has driven him to rake up and heap together so vast a congeries of accusation and abuse against me, he was called upon by the Lieutenant Governor for a report in this very case. (*Vide* page 156 of the Blue Book.)

173. Now the requisition of the Lieutenant Governor was based on the fact, as stated by his Honor, in the opening of the letter, that he "found himself straitened for want of "accurate information." In dealing with the case in which Mr. Lewis is stated to have blameably omitted to act with promptitude, upon information furnished to him, &c., &c., *i. e., in this every case.*

174. On *this ground*, and with the express purpose of discovering how far Mr. Lewis was to blame, Mr. Samuells was called upon, "after inquiring into the matter," to furnish replies to the questions asked.

175. Mr. Samuells did furnish the replies, and although the whole object of the call was to discover whether Mr. Lewis was to blame or not, Mr. Samuells *then* said not one single word calculated to transfer, as he now does, the blame *from Mr. Lewis*, and fix it upon me.

176. Mr. Samuells *then* was in his sober senses and wrote impartially. In what state Mr. Samuells was when he wrote his present letter, this painful inconsistency will, I imagine, afford no doubtful evidence.

177. The *facts* of the case have been more than once repeated, and, notwithstanding the evident anxiety there is to bring accusations against me, no one has as yet attempted to bring forward this as matter of culpability. At the time the messenger came from Jhalee Buksh, I had a room full of visitors, with several of whom I was engaged in deep and earnest consultation, while other matters were awaiting my first moment of leisure; I therefore merely heard a few words from the lad, whose manner and deportment did not impress me with much idea of his veracity.

178. I passed him on *at once* to the magistrate, requesting him to hear all he had to say, and if he thought the information worthy of notice to *act* accordingly. In the scrap that I wrote, I also said, as stated by Mr. Samuells (I write from memory), that the story appeared, or I suspected the story to be (or some such expression of the kind) a *sham!*

179. This Mr. Samuells, with some *ingenuity*, turns against myself, saying, that "Mr. "Lewis, a young and inexperienced officer, was naturally influenced by the opinion of "his superior, &c. &c."

180. But Mr. Samuells forgets that, whether Mr. Lewis was "young and inexperienced," he was the permanent magistrate of Patna appointed by Government.

181. He also forgets when he says, that Mr. Lewis was "naturally influenced by the *opinion* of his superior," that the superior's opinion was professedly given on the most *cursory* hearing of a few stammering words, in the midst of other engrossing business; that on this ground it was I sent the messenger, for more careful examination by Mr. Lewis, that if such a summary opinion in any way *did* influence or interfere with Mr. Lewis's deliberate judgment, after careful and deliberate inquiry, he was altogether unfit for the important post he held; and finally, that as for its being "natural" for Mr. Lewis to be "influenced by the opinion of his superior," a careful study of Mr. Lewis's acts would not fail to convince Mr. Samuells, that to be influenced by me was just the most *unnatural* thing in the world.

182. It was one of the great evils caused by the small clique who so secretly, but maliciously, worked against me, that they turned against me the heart of a young man whom I earnestly wished, even for his own sake, to keep within his sphere of duty, and thus by their evil influence brought him into difficulty and disgrace.

Paragraph 64. 183. This paragraph is only worth noticing as containing at its close another unworthy insinuation in regard to the criminals capitally sentenced.

Paragraph 65. 184. Mr. Samuells has already stated in the first paragraph, "that the natives usually adapt their remarks to their audience." This being the case, I should not have been surprised if, under the circumstances of the case, every native at Patna were to denounce me as a murderer and a robber. Macaulay has said that it is only necessary for it to be known that the Government wishes an accusation to be brought against a public officer, when accusers and witnesses will start up on every side.

185. Considering that the counsel and friend of a man, whom I at least considered a principal criminal, and whom all the Christian residents, except Messieurs Elliott and Farquharson, regarded as a most disreputable character, was, shortly after his acquittal, sent up a special Commissioner, a new appointment created purposely for him; that this man and others whom I had placed in custody, were received and honoured by my successor, knowing, as the natives did, that Ameer Ali, the new Assistant Commissioner, stood high in the favour of the Lieutenant Governor, that I had been ignominously dismissed, and all my measures insultingly reversed; considering all these things, the opinion

of

of these "respectable natives" will not, I imagine, be held entitled to much weight, nor does Mr. Samuells much add to his own character for impartiality and fairness by quoting in support of so awful a charge as that of deliberate judicial murder, the sentiments of those whose opinions he himself has pronounced as worthless.

186. At the same time, however, I beg it may not be supposed that I for a moment *admit* the *fact* that the *most respectable* people in the town have this opinion. None, I imagine, really think so. Many may have told Mr. Samuells so, but there are still many, and those the *most respectable*, who to their singular credit, would, I pledge myself, refuse to please either Commissioner, or even the Lieutenant Governor, by expressing such opinion. Indeed the most remarkable feature in the whole of this melancholy business is, that, in spite of the elaborate efforts made by so many all-powerful adversaries to bring discredit upon me, the most respectable and trustworthy among the native residents are still staunch and firm adherents to my cause.

187. If Mr. Samuells were removed as well as myself, and a commission of inquiry appointed, this would soon be made apparent.

188. It is too much to expect from the timid and time-serving Asiatic, generally, that he should withstand the frown of those in power, or speak in *the presence of his rulers* any other words than the words of flattery; no one knows this better than Mr. Samuells.

189. These paragraphs have given me greater pain than any other portion of Mr. Samuells' letter, because they disclose an elaborate attempt to do injury to a man who of all other natives among the many whom the Government has honoured for loyalty, and good service, stands prominently conspicuous. Paragraphs 66, 67, and 68.

190. I would here venture to deprecate, as a course in all respects calculated to bring discredit on the English name and character, the system which, to all appearance at least, has been hitherto pursued of visiting with punishment, indignity, or neglect, all those who have had the boldness to avow, like honest and truthful men, their adherence to a cause which they believe to be righteous, and their approval of measures which they know to have been beneficial.

191. I will not here stop to point out in detail the cases to which I refer, but it will be my endeavour to attract attention to them hereafter.

192. But to the subject of those present paragraphs. It is with real pain that I find Mr. Samuells condescending to mention the absurd and transparent device which some *respectable* natives had evidently adopted for the purpose of bringing, *if possible*, discredit on the *two particular men* who, in their respective and several capacities of magistrate and citizen had, from the first, and throughout the whole period of our disasters, been conspicuous for their loyalty and good service. I well knew that this wounded prisoner *would* be thus tampered with, and it is truly fortunate that, foreseeing this, I had him at once brought up to my house, and transferred to the Seikh hospital.

193. Even then I was not in time. The magistrate's "faithful" najir, although he ought to have been in custody by my positive orders, coolly came out of his lodgings in the magistrate's compound on the night of the riot, and was actually allowed to accompany his master to the scene, take part in the proceedings, and to *communicate with this identical prisoner, after his capture;* a circumstance which was reported to me immediately afterwards by Captain Rattray, and formed, I believe, a subject of remonstrance and objection at the time on the part of others. Now this faithful nazir was the known opponent and enemy both of Mowla Buksh and Willayut Ali Khan, and I am much mistaken if this little exposure is not sufficient to throw a light upon this idle tale and absurd accusation, which every one laughed at at the time, which the prisoner himself confessed immediately afterwards to be a tutored lie, but which Mr. Samuells, in his childish desire to bring discredit upon me, is not ashamed to bring seriously forward.

194. The objects with which this silly story is repeated, which Mr. Samuells himself is compelled to admit, "was very probably false," is disclosed in the 67th and 68th paragraphs; it is to heighten a new charge against myself—a charge very seriously and gravely recorded, *viz.*, that notwithstanding the charge brought against "Mowla Buksh "by the wounded prisoner, the whole investigation was committed to his hands, &c. &c. "Mr. Samuells says that any one who reads the diatribes in which Mr. Tayler has in-"dulged against the Mahomedans, and his deliberate avowal that he, and an observing "few, are convinced that we owe this mutiny to a Mahomedan plot, will be astonished to "learn that he thus committed the entire investigaton to the hands of Mowla Buksh, who "was himself a Mahomedan." If such reader of my diatribes does feel himself inclined to fall into a pit of astonishment, he may perhaps save himself unnecessary excitement if he is told that it was *not* I who committed the investigation of the case to Mowla Buksh at all, but Mr. Lewis, the magistrate, his immediate superior, who has borne testimony to the energy and success with which he exerted himself; that beyond this miserable and shallow artifice, which was, in fact, a *compliment* paid to his character and loyalty, no other conceivable reason existed for withdrawing the investigation of a case, naturally pertaining to his office, which his immediate superior had officially made over to him, and

in which, as every one at Patna will testify, and as the Lieutenant Governor has publicly acknowledged, *he displayed remarkable energy and good faith, and achieved remarkable success!*

Paragraph 69.

195. After thus impugning the proceedings in the matter of this investigation, and casting unmerited imputations upon the individual who, though a Mahomedan, has established, beyond all doubt, his individual loyalty and zeal, Mr. Samuells in the 69th paragraph observed, that it is "a very striking fact, that although several of the men "apprehended made *quasi* confessions, is the real origin of the conspiracy, its ramifica- "tions, and the mode in which it was managed, are all still matters of conjecture."

196. Whether this is a striking fact or not I scarcely know, but that no *further discoveries* have been made since my removal, I *do* consider a striking fact, and one not very creditable to the zeal and energy of Mr. Samuells.

197. I would say much on this point, but do not wish to complicate the controversy by unnecessary recriminations; all I can say is, that had I been at Patna during the last six months, I should certainly not have felt satisfied with such a state of things, "a state" which I well know is set down by the natives, as well as Englishmen, to the miserable policy of conciliation which employs Mahomedan lawyers to put down Mahomedan treason. The paragraph concludes with another unworthy and undignified imputation on myself in regard to the conviction of the rebels.

Paragraphs 70, 71, and 72.

198. Contain a further defence of the Wahabees, and include a hypothesis that the arrest of the Wahabees was "procured through the influence of the orthodox sects." It contains also a positive assertion, that "there *is no doubt*" Mr. Tayler was incited to the arrest of the Wahabees "by the counsels of Mowla Buksh, Willayut Ali Khan, and "others;" a confident statement resting on no possible proof, and altogether based in error. To the simple assertion of Mr. Samuells, who was not at Patna at the time, and who knows nothing but what he has heard from interested parties, it will be sufficient perhaps to oppose my simple and positive disavowal. The views taken by Mr. Samuells in regard to the Wahabees, I consider to be so erroneous that I can scarcely read them without a smile.

199. As the Wahabee leader Molvie Ahmed Ollah is the intimate friend of Lootf Ali Khan, and has been with him taken into the broad bosom of the conciliation system, and as Mr. Samuells by, in the first instance, living with Mr. Farquharson, and taking counsel with only one party, and that the least respectable, has throughout declared himself a partisan, all his views and ideas have been probably, without his own knowledge, tinged with the colouring which his counsellors have infused.

200. The native deputy collector and magistrate who has been substituted for Dewan Molla Buksh, is Ameer Ali's bosom friend, Ameer Ali having been a mohurrer in his father's service; the channel therefore is ready at Mr. Samuells' ear for the conveyance of such streams as Ameer Ali, Lootf Ali, and all other such Ali's choose to pour into it.

201. I do not say this offensively, or out of disrespect to Mr. Samuells, but direct attention to it as a simple fact, which alone explains the wholesale inaccuracies and unintelligible violence of so discreet and experienced an officer as Mr. Samuells is known to be.

202. It would occupy too long a time, and fill too large a space, were I to enter fully into the question of the Wahabees' character here. I will only therefore say that the quotation cited by Mr. Samuells is not correct, and if it proves *anything*, it is not in favour of the sect. The word "even" has been supplied by Mr. Samuells; I have referred to the letter, and here quote passage: "I think we should not disagree with any "caste, not *even* the Hindoos, for we should try and get our work done, and in disagree- "ing, there will arise groundless disputes. For my part *I am on terms* with Wahabees, "with those who are weak and wavering in their faith, and many *even* of the Sheeahs and "Rafzees." It will thus be seen that the word "even" is applied to the Hindoo, Sheeahs and Rafzees, not to the Wahabees!

203. All that we really learn from the sentence is, that the writer, Musee-Oolzunaw was on terms with Wahabees; as Samuells has placed the word "even" in *italics*, and evidently lays great stress upon it, it would have been as well if he had not misplaced it, to suit the purpose of a strained construction.

204. While Mr. Samuells, however, argues upon an illogical inference drawn from a misplaced and misquoted phrase, we have something more tangible in another letter, printed in the Blue Book, which is circulated, I think, to throw a little more light on the subject of the Wahabees.

205. The former letter was one probably of two years date, and from a resident of Lucknow, not well acquainted with the individual residents of Patna. The one from which I am about to quote is from Peer Ali, the rebel captain of Patna, to Yoosoof Ali, who managed his affairs during his absence, and who doubtless was well acquainted with all the Patna people.

206. Now

206. Now this Peer Ali writing to his agent thus expresses himself:—"Desire my "respectful compliments to Moulvee Waiz Ool Huz Sahib (one of the Moulvies whom I "placed under surveillance). I have written a separate letter to him in reply to one of "his; I trust it will reach him. From it he will come to the knowledge of all par- "ticulars. Although I have written in a disguised (ambiguous) style, yet the *wise will "find out all my meanings.*"

207. To all those who understand the native character, this little sentence *from the chief conspirator of Patna, sent through his confederate, speaks volumes;* those who do not, or will not, understand it, are not likely to be convinced by any arguments I can use.

208. I shall probably resume this subject hereafter, but will refrain from further controversy here; sufficient has been said at least to show that the views of Mr. Samuells are at all events open to doubt, and that there is *something* at least to be said on my side of the question.

209. In paragraph 73 Mr. Samuells has summed up the case as regards my measures with something of judicial dignity, though in rather questionable English, saying: "On "the whole, therefore, the measures of which Mr. Tayler boasts, do not seem very well "adapted for the salvation of Patna; some of them are of trifling importance, others are "*imaginary*, and the rest more likely to create a disturbance than allay one." Paragraph 73.

210. This really is a little too ridiculous; I will not spoil its effect by comment.

211. This paragraph attacks my statement that I was "removed in the zenith of a "successful administration," and certainly the picture conjured up by Mr. Samuells with some skill in graphic description, would appear, at first sight, to annihilate all my claims to success of any kind." Paragraph 74.

212. But here, as in other parts of his elaborate epistles, Mr. Samuells appears to me again to have fallen into the bad habit of begging the whole question, by assumption not quite consistent with reason.

213. If *I am* to be held responsible for the effects of the Dinapore mutiny, then indeed this gloomy picture is correct, and I may doubtless abandon all pretensions to successful management or wise administration, and hide my diminished head for all future time.

214. I myself laboured under the impression that the administration for which I was answerable was confined to my duties as Civil Commissioner, and that, if it could be shown that, until the triumphant mutiny and successful exit of three entire regiments, which at once entailed the disorganisation of the province, I had, by firm and vigorous measures, preserved peace in Patna; maintained the honour of the English character throughout the crisis, promptly followed up and vigorously punished all attempts at rebellion or disaffection, I certainly *was* under the impression that my administration might be, without vanity, considered successful.

215. The new light thrown upon the subject by Mr. Samuells at once dispels this illusion: the mutiny and all its consequences are charged to me, and I at once sink under the weight of the most melancholy mismanagement. The exultant exit of the mutineers, the defeat of the Dinapore detachment, the revolt of Holmes's troopers, are all chargeable to me, and all my feeble efforts are at once extinguished. I will not attempt to combat this novel and eccentric view of a Commissioner's responsibilities until at least *others* adopt it besides Mr. Samuells, or Mr. Samuells himself maintains the doctrine after his excitement has subsided.

216. Mr. Samuells in this paragraph says, I was found with my "property packed up "preparatory to flight," having "taken a house at Dinapore, to which I had sent my "family."

217. That I had taken a house and sent my family to Dinapore is correct. On reference to the minute which I drew up, explaining the principles and reasons for directing the abandonment of Gya and Mozufferpore, it will be seen that one of the measures determined on, was that *all ladies should go to Dinapore!* This being the case, it was hardly to be expected that I should violate my own arrangements, or set an example of disregard to my own orders.

218. That I had any intention of *flight* is a small flight of Mr. Samuell's imagination, which having rejected all the restraints of temper and reason, despises the vulgar trammels of accuracy and truth.

219. And, again, to the assertions that the "prompt reversal of my orders by the "Government" had any effect whatever in preventing the disastrous termination to my career, of which Mr. Samuells has drawn an imaginary picture, I fear I cannot subscribe. Before any prompt reversal by Government reached me, I had made arrangements for the re-occupation of the several districts. The preservation of order in Chupprah, during the absence of the officials, was the work of an individual whom I appointed to the task. Chumparun was *not* abandoned under my directions at all.

220. But all these subjects have been discussed elsewhere. In one thing Mr. Samuells is

is right: by God's great mercy overruling the short-sighted designs of men, Eyre's glorious victory changed the fate of Bahar.

221. Had he failed, or been defeated, beyond all doubt my administration, as viewed by Mr. Samuells, would have closed as "disastrously as any in our Indian annals." Beyond all doubt Bahar would have been overrun, the little garrison at Arrah annihilated, and every Christian in every isolated and unprotected station placed at the mercy of the rebels.

222. But *then* would have been seen and gratefully acknowledged the wisdom of the precautions I had taken to concentrate our force, and save the lives of Englishmen, while the great body of the rebels, joined as they would have been by the 3rd Native Infantry, 5th Cavalry, Ramghur battalion, and a host of disaffected and turbulent villagers, would have traversed the country unchecked from Arrah to Calcutta; *then* would there have been seen one small body of Englishmen, still holding the key of Bengal, safely concentrated at Dinapore, and by their position keeping open the river communication, preserving, at least to some extent, the name and the prestige of the British supremacy, and affording a nucleus and starting place for the re-occupation of the province.

Paragraph 75.

223. After demolishing all my claims to successful arrangement, and casting upon my shoulders the entire onus of the Dinapore mutinies, with their disastrous results, Mr. Samuells, in this paragraph, feeling doubtless that my conduct and my proceedings must, after all, be eventually decided *by evidence*, comes down unmercifully on the testimonials which have been recorded in my favour. He pronounces my statement that my "success "is certified by all competent witnesses" to be "one of those flowers of rhetoric which "tumble to pieces when they are handled." He then argues that "owing to the manner "in which business is conducted in this country, &c., &c., few indeed can tell what a "Commissioner's measures are, or to what extent he is exerting himself."

224. This argument, which to some may sound specious, I will take the liberty to dispose of first, and would observe that of the "measures" and "exertions" here referred to were measures and exertions undertaken and undergone in the usual routine of office, the remark would be just. Few indeed do know all the *pros* and *cons*, the particulars, or details of the common and daily functions of a Commissioner, or any other public officer, sitting at his office desk in times of tranquillity; but the argument applicable to the common course of events is altogether inapplicable to times of danger and disaster like those from which we have so lately escaped.

225. For such times when the life, the property, and the honour of every Christian in the province is at stake, the state of things is exactly reversed. In ordinary times the amlah of the office, the writers and the clerks, are the only people cognisant of a Commissioner's doings: the outer world, the residents of the station, as Mr. Samuells truely says, know little or nothing. But on this occasion I adopted and maintained throughout the crisis a mode of procedure exactly opposite to this: amlah and clerks were at once thrown overboard; in all important matters, every letter was written by my own hand, or at my dictation; my wife and daughters became my clerks and secretaries. I took counsel with my own heart, and my own discernment, with true-hearted Englishmen, not with the underlings of office. Respectable natives sometimes brought me intelligence, and occasionally made suggestions, but I never put faith in the one, or adopted the other without careful comparison with intelligence derived from other quarters, or careful scrutiny into motives and results.

226. Thus, so far from my measures and exertions not being known, they were *patent* to all; my house was open day and night to all Christians who chose to resort to it; every one could see whether I exerted myself or not; every one could witness and form an estimate of my "measures!"

227. If Mr. Samuells could for a short time forget his intense desire to vilify and injure me; if he could but divest himself, even for one hour, of the associations of red-tape, with which he seems to be spell-bound, and extricate his mind from the chains of favouritism, and the trammels of presidential routine, he would at once see what a grievous error he has here committed—an error into which, but for the blindness of anger, so prudent and discreet an officer could never have fallen. But Mr. Samuells' reasoning, such as it is, on this point, has for its objects, evidently, the nullification of the testimony which I have adduced in support of my policy, my measures, and their results, as well as in vindication of my character from the charge of "panic" which the Lieutenant Governor has brought against me.

228. Having disposed of this reasoning I proceed to the question of this testimony, which Mr. Samuells considers worthless.

229. Passing over the statement made by Mr. Samuells in regard to *some* of the notes, and merely saying that, if any of the writers have been annoyed, that their honest expression of sympathy and approval should be seen by others than myself (a circumstance which, if true, no one can more sincerely regret than I) passing over this, which is a matter between me and them, and not one which in any way concerns Mr. Samuells, I will

will briefly state what the testimony in my possession amounts to, and then compare it with the evidence adduced on the opposite side by Mr. Samuells.

230. To describe then briefly, what this testimony consists of, and quite setting aside the few notes which contain "conventional expressions of sympathy or regret," I observe, that the appendix to my correspondence, as printed for private circulation, comprises the emphatic, cordial, and unanimous testimony of every rank, class, and denomination of Christians in the Province,—civilians, military officers, the chaplains at Patna and Dinapore, the Roman Catholic Bishop, with all his congregation, Mr. Yule, the Commissioner of the neighbouring division, the former Magistrate of Patna (Mr. Jackson), the missionary who had resided 21 years at Patna, the oldest and most experienced indigo planters in Tirhoot, the merchants of Patna and Dinapore, the officers of the railway department, the uncovenanted officers, some of them men of known ability and experience; and lastly, a large body of the most respectable native residents of Patna, whose testimony, singularly enough, has been recorded even long after my removal from office, when it was well known that I was under the displeasure of Government, and in direct antagonism with my successor.

231. It is a testimony as unanimous, as emphatic, and as remarkable in every way, I think I may venture to affirm, as the most fastidious censor could require.

232. But Mr. Samuells is not satisfied. He considerately admits, "that many gentlemen residents in this neighbourhood, consider Mr. Tayler's defence a good one, and "believed all that he stated of his own measures and his own policy to be unanswerable." Well; there is something in this, but he goes on to say, as if it settled the question—"Government did not,—the senior civilians at the station did not." He then asks "what "was the cause of this difference of opinion?"—a question which he triumphantly, but not very reasonably, answers himself, and in this way—"Why simply that the Government and Mr. Tayler's *fellow civilians*".(this expression, it is to be observed, is adroitly slipped in,—the word fellow, being cleverly substituted for senior) "saw the omissions and glosses "which were employed to make a good case out of a bad one, while those who were not "behind the scenes very naturally took Mr. Tayler's facts as they stood."

233. Mr. Samuells has certainly displayed some ingenuity in the construcrion of this last sentence; whether it is honest, or will bear examination, remains to be seen.

234. That the *Government* did not consider my defence good is self-evident; if they had, Mr. Samuells would not have been where he is, and would have escaped the questionable credit of his present position. My contest is beyond all doubt, and to my *present* cost, a contest with the Bengal Government; a sufficiently perilous struggle, I should have imagined to prevent any fellow servant from endeavouring to injure me at such a time, or unnecessarily taking up arms in defence of so powerful an opponent.

235. But then, says Mr. Samuells, the "senior civilians at the station did not."

236. Now this is the second time that these "senior civilians" have been brought up in formidable array like the crowned heads of "Macbeth" to the prejudice of my unfortunate self.

237. I have already shown that these same senior civilians, who Mr. Samuells stated "would not go" to my house, did, with their wives, children, and all belonging to them, go, and not only go, but make themselves and their families exceedingly comfortable at my house on each occasion of danger; rather an unfortunate circumstance for the credit of Mr. Samuells' accuracy or truthfulness.

238. Let us now examine this other question of these "senior civilians," and see what it amounts to.

239. Before any one admits the force of this apparantly conclusive fact, it may be as well to inquire who the "senior civilians" at the station were, to whom reference is made. Now there were present at Patna, from the commencement to the close of the disturbances three gentlemen, to whom this term might properly be applied, viz:

The Opium Agent, Mr. Garrett.
Mr. Farquharson, the Judge.
Mr. Woodcock, the Collector.

240. As Mr. Woodcock is known to be a firm friend and staunch supporter of my policy, reference cannot be made to him.

241. Well, of the remaining two gentlemen, one, viz., Mr Garrett, had died before my defence was written, and was not, therefore, in a very favourable position for judging of its merits.

242. The plural number used by Mr. Samuells is thus open to the charge of inaccuracy, and the "senior civilians" are thus reduced to Mr. Farquharson; and the isolated sentiments of this individual are expected to override and outweigh the immense body of evidence on the other side. Having thus reduced this formidable array of "senior civilians" to the single person of Mr. R. N. Farquharson, it might be sufficient to observe that I do not recognise in him any such vast mental or intellectual superiority over

myself, or the other gentlemen who have borne their testimony to my policy and administration, as to justify me in agreeing with the conclusion formed by Mr Samuells. But as he has thus, in company with his intimate friend and patron Mr. J. B. Elliott, been publicly and officially paraded before the world, as witness in chief against me, it becomes my duty to point out how far Mr. Farquharson is qualified to be a competent and trustworthy witness in the matter.

243. I will however defer this inquiry till I have disposed, as best I may, of the other champion whom Mr. Samuells has brought forward to denounce my proceedings.

Paragraph 76.

244. In the 76th paragraph of his letter Mr. Samuells writes, that "while the latter" (*i. e.*, the gentlemen who honoured me with their approval) "were applauding him to the "echo, a retired civilian who had known Patna for some 40 years, &c., laid before the "Government of India a memorandum of the causes of the dangers which at the time "menaced this city; in which he traced these dangers principally to Mr. Taylor's ill-"judged measures."

245. Here, then, is the secret which many, who knew Mr. Elliott's feelings towards me, suspected, but which is, at last, officially announced.

246. While in the midst of danger and difficulty of no common character, I was, at least, earnestly struggling to do my duty to the best of my ability, Mr. Elliott, Mr. Farquharson's patron, Lootf Ali Khan's admirer, and my well-known enemy, was, it appears, *secretely maglining me to Government.*

247. I am thankful that I have, at last, arrived at a knowledge of the truth. It had long been known that some parties had been insidiously traducing me for objects best known to themselves, and which it will be as well not to scrutinise too closely. But "an "open enemy is better than a secret friend;" and now that the source of the opposition is officially disclosed, I know how to meet it.

248. I have great reluctance to introduce into a public and official letter any matter of personality, if it can by possibility be avoided; but as Mr. Elliott and his protégé are thus brought forward as witnesses to condemn my whole proceedings, and accuse me of nearly bringing Patna to destruction, I believe I shall not only be justified, but that it is my positive duty to waive all delicacy, and point out certain facts which appear to me to disqualify Mr. Elliott *in toto* from giving any sound counsel or opinion in this matter.

249. Mr. Elliott, in the first place, towards the latter period of the disturbances, is known to have lost his mental equilibrium to a very considerable extent; but passing that by, I must observe, that from the fact of his connection with native women, several of whom still live in his house, he is known to be subject to native influence, which must render him a very unsafe adviser at such times. His view would be beyond all question *a Mahomedan, and not a Christian* view of *the crisis* and the policy required; and as he is himself no Christian, but openly, if not ostentatiously, rejects the truths of our holy religion, even while tottering on the verge of eternity, there can be little to counterbalance the Mahomedan tendencies to which he is subject.

250. It may, perhaps, be said that from Mr. Elliott's long experience, nay, from the very fact of his connection with native mistresses, his evidence is *pro tanto* valuable. To this my answer is, that in ordinary times, and in reference to every-day events, this might be the case, but not in such times, or in regard to such events as these.

251. In such times his *experience* could avail him nothing, for he had never witnessed nor taken part in such occurrences; all, in this fearful visitation, has been new, unexampled, and startling; Mr. Elliott, from his age, his timidity, the influence of native concubines, his Mahomedon sympathies, his anti-Christian delusions, not to mention his notorious emnity against myself, was, I maintain, in no respect or measure a safe or trustworthy counsellor. Far less so, when his views are opposed to the unanimous and emphatic testimony of so overwhelming a majority of all ranks and classes of Christian gentlemen.

252. So much for Mr Elliott: and now for Mr. Farquharson.

253. On Mr. Farquharson's private animosity against myself I will forbear to dwell; while professing to be an intimate and familiar friend, frequenting constantly my house and enjoying my confidence, he has acted the part of the most determined enemy.

254. In the absence of all other conceivable cause, this painful phenomenon has been generally attributed to the influence of Mr. Elliott.

255. But on this I will not dilate. It is a grating and most unpalatable subject. Thus much, however it was necessary to state, to account in some measure, for what might otherwise be quoted against me, viz., the *unintelligible opposition of a professing friend.*

256. Passing this over, then, without further remark, I proceed to consider how far Mr. Farquharson's public acts, connected with the insurrection, are calculated to secure respect for his testimony in opposition to so many others.

257. At

257. At the first outbreak in May, before anything but the reports of the distant mutinies had reached us, Mr. Farquharson proposed to me that we should send off the Patna treasure to Dinapore at once, and "all be prepared, on the first real alarm, to rendezvous at Dinapore, under protection of Her Majesty's 10th Regiment, and guns!" Now this, to say the *least* of it, was *timid counsel*, and the effect of the procedure, if adopted, would have been disastrous: for all Englishmen to have abandoned Patna, at that early stage, and taken flight to Dinapore, would not only have been an act of rank cowardice, but probably have led to the destruction of Patna.

258. Whether, therefore, the opinion of such a counsellor is entitled to any *extra* weight or influence I leave to the Government to decide, and whether the course subsequently adopted by Mr. Farquharson in privately and *positively denying that he ever had made such proposition*, or ever dreamt of leaving Patna, is such as to inspire wise and honourable men with any very exalted opinion of his probity or good faith, I am also quite content to leave to the judgment of others after perusal of the correspondence in Appendix (D.)

259. But, again, Mr. Farquharson not only in the first instance offered this timid and faint-hearted counsel, but subsequently, after the night of the 7th of June, on which (*pace* Mr. Samuells) he, though "a senior civilian," gladly took refuge at my house, retreated with his family to the opium godown, where he shut himself up for about a fortnight, and closed up his Court! I know not what motives Mr. Farquharson may assign for this retreat; but I do know that, after the gathering of the 7th of June, he came to my house, and in the presence of Captain Rattray, asked me if I would knock a hole in the roof, and introduce an inner ladder, so as to enable people to ascend *within*, instead of just outside.

260. On my saying that I did not see the necessity for this, that, if attacked, we should always have time sufficient for reaching the roof, &c., he left the house somewhat ruffled, and for about a fortnight ensconed himself and family behind the walls of the godown.

261. All these proceedings on the part of Mr. Farquharson appeared at the time, and still appear to me to indicate such a want of firmness, fortitude, and spirit, and his subsequent conduct has exhibited so entire an absence of ingenuousness and honesty, that so far from considering my cause weakened by his adverse testimony, I confess I hold it an honour to find myself opposed to such counsellors as he and Mr. Elliott.

Paragraph 77.

262. The 77th paragraph contains nothing which requires comment: it merely warns the unwary not to fall into the delusion of entertaining any favourable opinion of me or my doings, and informs the public that I am in fact a "man of inordinate vanity, singularly bad judgment, and utterly unscrupulous"—a portraiture that communicates the last touches to his previous descriptions, and produces on the whole an elaborate picture of villainy, which, for finish and completeness, might excite the envy of the most enthusiastic præ-Raphaelite.

263. It would be a pity to disturb so perfect a picture, which will give doubtless great satisfaction to the retired civilian and Mr. R. N. Farquharson, though I hope not to be easily recognised by my friends.

264. The only part to which I demur is where I am described as venting my spleen on every one around, &c. Now as "every one around," with *two or three exceptions at the most*, are kind and friendly advocates of my cause, and have cheered and consoled me under my trials with a cordiality and kindness that has deeply touched my heart, I do not exactly see why I should, in addition to all my other enormities, be described as wantonly "visiting my spleen" on friends and adherents, because I have pointed out what I conceived to be errors on the part of the Lieutenant Governor and Mr. Samuells.

Paragraph 78.

265. This paragraph completes the catalogue of my iniquities.

266. That catalogue having already run through every diversity and shade of turpitude, from vanity and self-laudation, to lies, slander, and libels, and from lies and libels, to embezzlement, theft, and judicial murder, now concludes with yet another sin not exactly prohibited in the decalogue, but still a sin. I have actually had five Mahomedan protégés and (for Mr. Samuells here speaks loosely) half a dozen more, and not only so, but I strongly recommended them both to the Government and Mr. Samuells himself!

267. This certainly is a climax, and I really believe I shall spoil its effect by offering any remarks upon it, but as it involves a question of some importance, I must not pass it over without brief notice; and first I must observe that it is a little hard I should be held up by Mr. Samuells to detestation as "bullying innocent Mahomedans" in one page, and then denounced as a reprobate for showing kindness to them on another! There is an inconsistency of censure in this which is not judicious.

268. It is very evident, from his bringing this strange charge against me, that Mr. Samuells has altogether misunderstood the remarks contained in my narrative.

269. If he will once again calmly re-peruse it, he will find it there distinctly stated that

while I advocate hereafter, as the policy of the empire, the maintenance of unmistakeable *dominancy* as of a superior over an inferior race, I particularly pointed out that where individual loyalty and individual good service were shown they should be "frankly accepted and liberally rewarded;" so that Mr. Samuells is scarcely justified in bringing against me in this matter a charge of inconsistency.

270. The space of this letter will not suffice for me to explain, at length, my views and feelings on this very important subject; but I am glad to avail myself of this opportunity to record that if Mr. Samuells, or any one else, imagine from what I have stated in my narrative, that I am carried away with that insane and indiscriminate anti-Mahomedan rabies which has possessed some people, and allow no individual Mussulman the possession of any good quality, he has grievously misunderstood me; or if he imagines that because I advocate a more obvious supremacy in the future organisation of our empire, and an honest and unreserved acceptance of the great lesson lately taught us with regard to the Mahomedan character generally, and therefore I would exclude Mahomedans from kindly, just, and conciliatory intercourse, he has again entirely misconceived my meaning.

271. It is perfectly true, as Mr. Samuells states, that no public officer in the service has been a more "noted patron" of Mahomedans, and not of Mahomedans only, but of all classes. I have made it, on principle, a study to conciliate all respectable natives in my division, and to obtain personal influence over them. No one knows this better than the Lieutenant Governor. It was my influence, arising from this course of conduct, that induced his Honor to give me the Commissionership of Patna, to laud and eulogise me in a public oration at Arrah. It was this "influence," always, God knows, exercised for great and good purposes, that Mr. Beadon said the Government relied on at the opening of the disturbances, and which led Mr. Halliday to *abandon the idea of my removal* (which he wished to accomplish for other reasons) as being "peculiarly mischievous."

272. It is this influence which raised schools, dispensaries, and hospitals, and which, but for private and malicious oppositions would have carried to completion the great scheme of national education, which though at present swamped, will, I feel confident, at some future period be revived and completed.

273. It is very true that I did trust, and treat with kindness, the individuals whom Mr. Samuells enumerates, and it is as true that not one of those whom I thus treated and trusted has shown himself unworthy of my confidence.

274. Indeed one of the most remarkable phases in the late occurrences has been, that notwithstanding my removal, and the well-known hostility of the Government, all those natives whom I had admitted to my confidence and regard, instead of falling away, and worshipping the rising sun, have exhibited (as many have observed with surprise) the most wonderful and consistent adherence, and yet pray for my return.

275. It is seldom indeed that after an officer's removal, voluntary addresses have been presented as in my case, at the risk of offending the higher powers.

276. I have entered into this detail, not for the sake of refuting the puerile objections of Mr. Samuells, but to vindicate my sentiments from misconception and mis-statement.

277. It is to me the most galling of all the indignities that I have endured, that the men who performed such singular good service have, instead of receiving acknowledgment and honour, been either neglected or punished.

278. The services of Mowla Bux were conspicuous, and of the greatest value at the time! He has been removed.

279. To Nuzeem Ooddeen's exertions and counsel are principally to be attributed the good services of the Bettiah Rajah, for which he has been publicly thanked.

280. Nujeem Ooddeen was thrown into confinement directly Mr. Farquharson took charge of the office, and no compensation for this gross violence has been given him.

281. Willayut Ali Khan, an independent citizen, bore himself almost like an Englishman throughout, but has not even been thanked.

Paragraph 79.

282. The 79th paragraph merely touches on the anonymous writers in the papers. Mr. Samuells may fairly be left to wage his war with them without my interference. He regards them as poor creatures with no means of information, but they have evidently succeeded in largely exasperating Mr. Samuells, who is not very wise to show his annoyance, or very dignified to feel it.

Condemnation of the Conspirators.

283. I have reserved to the close of this letter the last and most serious accusation which Mr. Samuells has thought fit to record against a brother officer.

284. The

284. The annexed sentences quoted from different parts of his letter, show, beyond doubt, that he attributes to me the lawful guilt of knowingly and wilfully dooming to death innocent and unoffending men.

He takes credit, however, for his energy after the outbreak. "He hanged or imprisoned the chief criminals."

That, I presume, every judicial officer would do if the guilt of the prisoners sent before him for trial was established. Mr. Tayler either means therefore that he did this, in which case it is not easy to see in what his merit consists, or that he hung and transported people whom other judges would have acquitted. This *last hypothesis*, lamentable as it is, is probably *not far from the truth.*

The general belief among the respectable people of the town always has been, that the majority of the men executed for complicity in Dr. Lyell's murder, were innocent.

Nor can it be a matter of astonishment, that under these circumstances people doubt very much whether, with one or two exceptions, any person concerned in Dr. Lyell's murder has really been apprehended and punished. It is a matter of grave doubt, therefore, whether Mr. Tayler's excellent exclamation, that even the Mahomedan Commissioner could not restore to life the scoundrels he had *hanged*, ought not to be converted into a sincere wish, for Mr. Tayler's sake, that he had possessed this power.

285. For the credit of the Civil Service, of the English name, and the English Government, far more than for myself, it is to be regretted that a high officer like Mr. Samuells should have been betrayed into giving utterance to such grave accusation. Before however I further comment on the spirit which has produced this calumny, I will show how entirely groundless and without reason is the charge itself.

286. The circumstances alleged by Mr. Samuells as justifying the imputation are,—

First.—That I completely put myself into the hands of Mowla Buksh, who is a Mahomedan, and who was named by the wounded prisoner Imam Ooddeen as one of the instigators of the riot.

Secondly.—That from the manner in which the trial was conducted, it is impossible to know whether the prisoners were guilty or not.

Thirdly.—That the general belief among the respectable men in the town always has been, that the majority of the men executed for complicity in Dr. Lyell's murder, were innocent.

287. The last answer to all these imputations and cavils will be to give a plain statement of the mode in which the trials were conducted from first to last.

288. I have already exposed the entire inaccuracy of Mr. Samuell's statements in regard to Mowla Buksh, and the idle story of the accusation against him. I have shown that it was not I, but the magistrate himself, who made over the conduct of the proceedings to him; that he did not *reside in my* compound, but only held his *office* there, and this *not* because I *put myself* in *his* hands, but because I was desirous of keeping a watch over his proceedings. I have shown that "the respectable men of the town," whose *opinion* Mr. Samuells so innocently quotes, cannot for a *moment* be trusted on a point like this, being *sure*, as Mr. Samuells says is their wont, to "suit their remarks to their audience;" while at the same time, I deny that the most respectable have ever said so.

289. All this error and inaccuracy I have pointed out. I will now briefly describe the whole procedure.

290. By a public proceeding addressed by Mr. Lewis the magistrate, to Dewan Mowla Buksh, the deputy magistrate, within whose jurisdiction the outbreak had occurred, the entire investigation of the case was committed to the latter. With this I had *nothing whatever to do.* Mr. Lewis's order will be found with the record of the case, and the fact is also mentioned by Mr. Lewis himself. In his letter, No. of page of the Blue Book.

291. In accordance with this direction, Mowla Buksh commenced the task with an energy remarkable for his years, and rendered more so from the fact of his being in ill health at the time. This excellent old man set to work heart and soul. He first succeeded in obtaining a clue to the ringleader, Peer Alli Khan, surrounded his house, found arms, and a mass of interesting correspondence, and subsequently by active and unceasing exertions detected and brought to trial the rest of the conspirators.

292. When the proceedings were brought to a close, Mr. Lewis and myself, as joint Commissioners under the Act, with equal powers, proceeded to the trial.

293. The trial was held in the presence of five or six gentlemen of the station; the prisoners were all ranged before us, the witnesses summoned and sworn, their depositions read over in their presence, additional questions asked, and they were then required to point out and identify one by one the prisoners to whose presence and participation they had sworn, Mr. Lewis taking the pains to get up from his seat, and go close to the prisoners to see that the recognition was complete and beyond question. The defence of each prisoner was heard, and after due and careful deliberation between Mr. Lewis and myself, sentence of death was passed.

294. This is *my statement of the case*; and if the Lieutenant Governor has any doubt as to its accuracy, a reference either to Mr. Lewis or any of the gentlemen present at the time, will satisfy him. The papers of the case, too, are in existence, and as I understood, when I was last in Calcutta, have been carefully examined.*

* I appeal to the Governor General in Council for protection against this grave and scandalous charge, and leave it to his Lordship's justice to deal with my calumniator as he may deem right.

Paragraph 80.

295. The 80th *paragraph* concludes with a prophecy which, while it describes my attitude, "cap in hand," seeking for the suffrages of the public, goes on to point out the "rottenness of my reputation," charitably predicts that though the "hero of a day," I shall be found a "charlatan" to-morrow, and my "humiliation become more painful for my temporary elevation."

296. Mr. Samuells here personates to the life the character of the Grecian "Kakomantis," or profit of evil. I can only hope that, like the ambiguous predictions of the Delphic oracle, his vaticinations may admit of a double interpretation. My *day* of heroism, as far as public opinion goes, has been already somewhat protracted, for it is now seven months since my removal, and I have warmer and more influential advocates than ever.

297. Probably the "day" may be a prophetic one, and thus will outlast Mr. Samuells and myself. But whatever be in store for me hereafter, I thank God I acted as I did; I thank God I have preferred truth and open dealing to Court favour, or the rewards of subserviency. Conscious of having acted throughout in earnestness and good faith, with the simple desire to do my duty to my employers, my fellow Christians, and my country, I am content to bide my time; and now look forward with trust and patience to the future, having a firm and unshaken reliance on the God of truth and righteousness, that whatever loss, indignity, or suffering I may be called on intermediately to endure, my motives and my actions will eventually be vindicated in the sight of all men.

298. With this confession of faith, I bid adieu to this commination of Mr. Samuells, and without any bitterness of feeling, conscientiously express my regret that one of whom I, and many others, *once* thought so highly, should, when weighed, be found so grievously wanting.

299. I have now waded through this troubled ocean of abuse, invective, and calumny with as much calmness and forbearance, I hope, as could reasonably be expected. I have shown that not one single statement made by Mr. Samuells, as the basis of his violent attack, and grave accusations, is either accurate or just.

300. I have shown that in many instances, where the slightest inquiry would have enabled him to ascertain the truth, he has recorded statements which are diametrically opposed to fact.

301. With exception to those questions which concern the Lieutenant Governor and myself, and with which Mr. Samuells has no concern, I have fully and unreservedly discussed every topic introduced, and not, as I am aware, evaded or slurred over any single point. Having done this, I have taken leave of Mr. Samuells; but I cannot close this letter thus: On calmly reviewing the composition which I have now painfully disposed of, I cannot but feel that in thus wantonly and rudely attacking a brother officer, and loading him with scurrilous language and virulent abuse, Mr. Samuells has committed himself to an act which is not only discreditable to himself, but reflects lasting discredit on the whole body to which he belongs.

302. Furthermore, I cannot but feel that by merely noticing this violent attack with the mildest of all possible reprehension, and that, too, closely mixed with approval and praise, the Lieutenant Governor has, in fact, sanctioned it with his high approval, and by publishing the letter to the world before it could be seen or answered by me, has given depth and permanency to the disgrace.

303. From the honourable the Lieutenant Governor of Bengal, therefore, who has thus endorsed and sanctioned both the style and substance of this extraordinary epistle, I cannot reasonably hope either for justice or redress, and I therefore feel it my duty to request that the correspondence may be submitted for the consideration of the Governor General in Council, to whom I respectfully, but seriously submit, that for the credit of Government, the reputation and honour of the whole service to which Mr. Halliday, myself, and Mr. Samuells alike belong, this discourteous and unseemly attack may be so dealt with as to obviate the repetition and nullify the effects of so great a scandal.

I have, &c.
Calcutta, 3 April 1858. (signed) *W. Tayler.*

APPENDIX (A.)

Correspondence with Mr. *E. A. Samuells.*

My dear Tayler,

I have just been informed that you have published a *second* pamphlet, which contains some remarks regarding my proceedings, which it concerns me to notice.

I might, no doubt, procure this pamphlet from others; but I prefer applying to yourself direct for a copy of it. I, of course, hold myself at liberty to deal with the statements which the pamphlets may contain in any way which may appear to me most advisable for the vindication of my character.

Yours, &c.
2 January 1858. (signed) *E. A. Samuells.*

My dear Samuells,

I HAVE the pleasure to send you one of the pamphlets you alluded to, and had intended, when I had a little more leisure, to do so of my own accord with the remarks which I now make.

I can truly say I have always had a respect for your character and regard for yourself, and nothing that I have written or printed is intended to have any bearing on your personal character.

I object strongly, and intend to battle resolutely, against the whole course of policy which has been adopted since my removal, and intend to comment at length upon your letter defending Ameer Ali's appointment, directly I have time. That appointment I consider the gravest blunder that was ever committed, and of course, therefore, I must, politically speaking, become your opponent.

All that in any way refers to yourself, either directly or indirectly, you will find at pp. 18 and 22. The acts detailed at p. 22 are chiefly, if not entirely, Farquharson's.

The *civility shown* to Lootf Ali Khan has been, I believe, shared by yourself, and I cannot but regard it as injudicious, when the man's character and antecedents are considered.

When you have read the pamphlets you will see that my fight is with the system, and the Government which sanctioned it. With *yourself* only in so far as you are the exponent and executor.

With Farquharson my quarrel is altogether of a different character.

Having made these observations, I will only add that it is the subject of sincere regret to me, that circumstances should have brought us even into public and political collision, and I hope most sincerely that our political contest may be conducted "*salva amicitia.*"

You should remember you have been *living* in a *hostile* atmosphere.

Halliday's object in making over the appointment to Farquharson before your arrival, has in this respect fully answered his purpose.

Lord Ellenborough considers my order for the abandonment of Gya perfectly right.

Yours, &c.
(signed) *W. Tayler.*

My dear Samuells,

I AM told you are very angry at my attack on Ameer Ali's appointment, and the conciliation policy contained in my narrative.

I am sorry if it be so, but it cannot be helped, as I mean to take every possible opportunity of pitching into it. I had hoped, however, that this battle might have been carried on without any personal hostility or unkindly feeling between ourselves.

If this cannot be, however, I must ask you to send me a copy of the note I wrote to you with the pamphlet, that I may show, if necessary, both to my friends and yours, that, like English pugilists, *I wished to shake hands before setting to.*

I can only say that I most sincerely wish that almost any man but yourself had been sent up with Ameer Ali, who was, I think, exactly the last man in India who ought, under the peculiar circumstances, to have been appointed.

Kindly send me a copy of my former note.

And believe me, &c.
Patna, 7 January 1858. (signed) *W. Tayler.*

My dear Tayler,

YOU are quite mistaken in supposing that I felt angry on reading your claptrap about Ameer Ali. My feeling was of a very different nature, I assure you. I am grateful to you, however, for endorsing the newspaper foibles about Ameer Ali, as it gives me an opportunity of dealing with them, which has hitherto been denied me.

Your note is, I believe, in my house; when I go home I will return it, and you may either keep the original or a copy, as you please.

Yours, &c.
(signed) *E. A. Samuells.*

My dear Samuells,

I AM really sorry to find you are *not* angry, for it is the only excuse for the uncivil note you have written in reply to a frank and friendly overture.

I can only hope you will have kinder feelings when you have relieved your mind by a refutation of my "claptrap."

Yours, &c.
8 January 1858. (signed) *W. Tayler.*

APPENDIX (B.)

CHARGE, &c.

EVINCING a most indecent anxiety for a conviction (in the trial of Lootf Ali Khan), and *not scrupling* to assail the judge with private letters, urging him to condemn the prisoner in a manner contrary to all usage and propriety, and even humanity.

This very serious charge is made on the basis of sundry private notes from your memorialist to Mr. Farquharson, which have been sent up to the Lieutenant Governor by that gentleman, and have been printed in the Blue Book, and paraded before the public.

Your memorialist has, he thinks, some cause to complain that when these documents were thus set forth in array against him, and made the foundation of so grave an accusation as the present, some little trouble was not taken at least to *ask* for Mr. Farquharson's letters to your memorialist, especially as from the tone and expression of your memorialist's notes, they are evidently shown to be *replies* to those written by Mr. Farquharson himself!!

It is not, your memorialist imagines, usual, nor is it very fair or honourable, to take what is evidently one side of a correspondence, and, in the absence of the other, to build a conclusion upon it, especially when such a conclusion is assumed as the ground of a serious charge against a public officer, published to the world, *before he has had an opportunity of seeing or answering it.*

This appears to be still more unfair when the entire gist and gravamen of the charge depends upon the question of *who commenced the correspondence.*

This proceeding appears, in the humble judgment of your memorialist, to be a violation of the first principles of justice and fair dealing; but of this your honourable court will judge. Your memorialist proceeds to analyse the subject:

Be it then remembered that there were two parties to this private or demi-official correspondence, and their relative positions it will be well to consider carefully:

One of these persons was your memorialist, the other Mr. Farquharson.

Your memorialist himself was superintendent of police, entrusted with the charge of the division, and all in it; the officer to whom all looked for direction and safety deeply impressed with the conviction that we were seated on a mine which might at any time explode under our feet, and involve us in destruction, entirely convinced, as indeed almost all others were, and are, that the prisoner under trial was about the worst character in the province; and certainly therefore feeling great anxiety (whether "indecent" or not) that he should be convicted of a crime of which your memorialist was morally certain he was guilty; and as in this case, your memorialist was acting solely as superintendent of police and prosecutor, justified, he humbly believes, in exerting himself in all legitimate ways to secure and facilitate conviction. On the other side was Mr. Farquharson acting solely as judge with no executive functions, no executive responsibility, no powers connected with the police, himself believing the prisoner (as he still says) to be a highly respectable man! and being, therefore, in no degree justified in deserving *à priori* his conviction.

These are the corresponding parties. Your memorialists will now consider the correspondence, *not* as it appears in the Blue Book, but as it *really* is. (*Vide* Appendix.)

The first note printed (No. 1) was written before even the arrest of Lootf Ali Khan, and has therefore nothing whatever to do with the case. Why it is inserted your memorialist does not know.

Note No. 2 commences the correspondence which took place in connection with the trial, and to which reference is made by the Lieutenant Governor. Now it happens that this note is an answer to one written by Mr. Farquharson himself to me; but of which all mention is studiously avoided! In this note Mr. Farquharson, after giving his opinion as to the section and law under which he thought I should commit the prisoners, concludes by saying quite of his own accord! "If the proof of the rebellion on the one hand, and harbouring on the other, be tolerably clear, as it appears to be from a cursory glance at the papers, we can punish the Sepoy with death, and Lootf Ali Khan with seven years and a rattling fine!!"

So that, it now appears, it was *not* your memorialist who "did not scruple to *assail* the judge with private notes," &c., but the judge, who did not scruple to write private notes to him on the subject of the trial, and pleasantly specify his sentence beforehand. Note No. 2 of the Blue Book is in answer to this.

If there be "indecency" in either note, may it not be asked, in which?

No. 3 was written when returning the calendar, corrected according to Mr. Farquharson's suggestions. The "fatter fish," mentioned in the postscript, is Baboo Modnarain, against whom your memorialist had just received suspicious intelligence, and had nothing to do with Lootf Ali's case.

No. 4 is a reply to a note from Mr. Farquharson, informing your memorialist that he could not make up his mind to convict the sepoy without a reference to Benares, and as Mr. Farquharson, the judge, had no scruple in mentioning his view of the case, your memorialist, who was the *prosecutor*, did not think it necessary to be *over* scrupulous in stating his.

Again,

Again, No. 5, is an answer to a long letter from Mr. Farquharson, in the course of which he writes: "I tell you fairly that I do not think a conviction can be had against either party" (he hanged the sepoy nevertheless), and in which he makes the rather curious suggestions, perhaps your memorialist might call it "indecent," "if you think conviction ought to be had on the evidence, you can still withdraw the commitment and try the case yourself."

If we come to inquire strictly into judicial decency, this phase of the case might deserve some comment.

At all events, your memorialist submits, the whole tenor of the letter, justified him, when replying to it, in offering his own suggestions and *ideas* as to the *probabilities of the case.*

No. 6 is, as pointed out by Mr. Farquharson, an answer to his letter, telling your memorialist he felt bound to postpone the sepoy's case. It is also, your memorialist presumes to hope, a moral answer to the imputation of "indecent anxiety" and want of humanity with which the Lieutenant Governor has thought fit to assail him.

In like manner to the end of the chapter, every note written by your memorialist is in answer to one of Mr. Farquharson's, and all the ideas, suggestions, or facts stated bear reference to ideas, suggestions, and facts stated in the *first instance* by him, the judge presiding at the trial!

Your memorialist submits that it would have been somewhat more fair on Mr. Farquharson's part if he had noted this; somewhat more just on the part of the Lieutenant Governor if he had called for Mr. Farquharson's notes as well as for his.

Thus, then, it appears that all the blame that can possibly attach to your memorialist in the matter of this serious charge is, that he *replied* to the remarks of the judge on certain points connected with the case in which, as prosecutor, morally convinced of the prisoner's guilt, he was conscientiously and righteously desirous for his punishment, and in which the judge himself did not scruple *in the first instance* to address him; recommend alterations with a view to secure conviction, specify, by anticipation, the sentence he proposed, "seven years and a rattling fine!" and finally suggest, that if your memorialist thought a conviction should be had, he *should withdraw the commitment and hold the trial himself.*"

Your memorialist believes he need say no more to ensure his acquittal on this charge.

APPENDIX (C.)

My dear Tayler,

In consequence of absence from Shergotty and subsequent travel from place to place, I did not receive your letter till yesterday afternoon.

When in the month of June last the critical aspect of affairs rendered it necessary speedily to prepare some place of defence, to be available as a temporary retreat for the European residents of the station of Patna, in case of emergency, and military officers regarded the top of your house as the most suitable for such purpose, you instructed me to employ the dhungurs and carpenters, already on the establishment of the Industrial Institution, on the work.

This arrangement was made with the view of saving time, an item of vital importance then, as otherwise operative labour could not have been brought to bear on the work without some delay. The nature of the work was, the planting of sandbags along the parapets of your housetop; laying in a store of water there in earthen vessels, the formation on one side of the roof of a light thatch covering for the protection of the ladies and children from dew and rain; the construction of a rough but convenient ladder to facilitate access to the top, and the erection of a semi-circular protection of boards before the ladder to screen it from assault.

The above-mentioned was all the work which was done, and its performance occupied a very short time.

At conclusion you directed me to keep a distinct account of this work for future adjustment, and that it might not be charged to the institution. I made up a memorandum of the whole as required, and entered it separately on the accounts of the institution, wherein I believe the same will be found.

* * * * * * *

Yours, &c.

Hurdirnuggur, 28 March 1858. (signed) *C. E. Davies.*

APPENDIX (D.)

Correspondence with Mr. *R. N. Farquharson.*

No. 1.

My dear Farquharson,

I have been given to understand that you accuse me of inaccuracy in stating that you proposed we should place ourselves under the protection of the guns at Dinapore. Will you tell me whether this is the case, and to what extent, and in what way you have

denied or questioned the statement. I made it when defending myself from the charge of acting under the influence of a panic, and you will find it at the 3rd page of my defence, a copy of which I send herewith.

Kindly return it, as, until it is reprinted, I have very few copies at my disposal.

Yours, &c.

31 December 1857. (signed) *W. Tayler.*

No. 2.

My dear Tayler,

I SAW your pamphlet long ago, and it struck me that the sentence in page 3, alluded to by you, was so injurious to my character, and so opposed to anything I had ever thought of, that I was bound to contradict it, which I did in a letter to Beadon. I said to him that I had never dreamt of leaving Patna; and if I had ever expressed myself at all to the effect stated by you, it must have been in reference to something you were doing, or not doing, which I considered likely to reduce us to that alternative. I do not even remember having alluded to place ourselves under the protection of the guns at Dinapore, but may have done so in the sense I have mentioned. If in any other, I should be glad to be set right by you, as I daresay you have copies of my notes.

Yours, &c.

31 December 1857. (signed) *R. N. Farquharson.*

No. 3.

My dear Tayler,

I SHOULD be glad to know on what grounds you made the assertion you wrote about this morning, viz., that I had proposed seeking protection under the guns at Dinapore. There may be some misconception in the matter, which a few words might set right. *I most assuredly never made the proposal,* and cannot for a moment think that you put the statement forward as a deliberate falsehood. I shall be much obliged by your informing me by what or by whom you have been misled.

Yours, &c.

(signed) *R. N. Farquharson.*

No. 4.

My dear Farquharson,

IT appears from your note, received in reply to mine, that you have actually written *privately* to Beadon, to deny a *public* statement made by me, without giving me any intimation of your having done so, and without ascertaining from me what authority I had for making the statement which you have contradicted. You have done this too, while by your own acknowledgment you have the most confused and imperfect recollection on the subject; not only so, but you have, if I am rightly informed, verbably stated before other gentlemen that I have recorded what is incorrect. The reason you gave for considering yourself bound to contradict the statement is, *first*, that it is injurious to your character; and *secondly*, that it is opposed to anything you had ever thought of. It further appears that in writing to Beadon you said that if ever you had expressed yourself to the effect stated by me, it *must have been* in reference to something I was *doing* or not doing, which you considered likely to reduce us to that alternative. You thus not only denied what you had done, without knowing whether you had done it or not, and contradicted *positively* what you had said, without having any remembrance of the matter; but you insinuated, not very generously, that if you *had done so*, it must have been owing to some omission or commission of mine which compelled you to do what was so injurious to your character. I forbear to comment further on this explanation, but I now must inform you that, whether it is injurious to your character or not, whether, as you told Beadon, you "never dreamt of leaving Patna," or, as you tell me now, your doing so is "opposed to anything you ever thought of," you did, distinctly and unequivocally, make the proposal to me, almost in the very words, and strictly according to the substance recorded in page 3 of my printed defence. This being the case, I hope you are prepared to write to Beadon, and to any other persons to whom you may have contradicted my statement, either by word or by letter, and rectify your mistake; if not, perhaps you will give me the names of those to whom you have thus denied it, that I may take the necessary steps for the vindication of my own veracity.

Yours, &c.

(signed) *W. Tayler.*

P. S.—Your second note came in yesterday after I had written this, and as I was just going out, I detained my reply until I could answer both. You say you "most assuredly never made the proposal," and ask, "by what or by whom I have been misled."

In reply I beg to say that I have in my possession positive proof that you did make the proposal, and I have not been misled by any one.

No. 5.

My dear Tayler,

WHEN you show me what I wrote, not a scrap or part of a letter, but the whole of my note on the subject, in my own handwriting, I will reply to the rest of your note. I will return you the note intact after taking a copy.

Yours, &c.
(signed) *R. N. Farquharson.*

No. 6.

My dear Farquharson,

ALTHOUGH your request is not conveyed in very civil or courteous terms, I have the pleasure to send you your entire note for perusal.

Yours, &c.
1 January 1858. (signed) *W. Tayler.*

No. 7.

My dear Tayler,

THANK you for my note of the 20th May, which I return; you have, I think, most unjustifiably given my words an interpretation quite your own. Being prepared to take a step, on the first real alarm, is quite different from proposing to take it outright and off-hand, as you assumed that I proposed. However, I will not argue the matter with you, but send a copy of my note to Beadon, by to-day's post, mentioning the drift of yesterday's and to-day's correspondence, and leaving him to judge between us. I had no intention of being rude or discourteous; but it was time to be particular, remembering other portions of notes quoted on another occasion. I beg to say I retract nothing I have said on this subject, and shall answer no more questions about it.

Yours, &c.
18 January 1858. (signed) *R. N. Farquharson.*

EXTRACT from Mr. *Farquharson's* Letter to which the above Correspondence refers, dated 20 May 1857.

"My dear Tayler,

"I DO not like to interfere with your higher functions; but don't you think something ought to be done in the present crisis? Nation has been to Dinapore, and reports a very shaky state there. My idea is that no reliance whatever is to be placed in any of the natives about us. The townspeople would be like sheep before a band of half-mad sepoys, and we should be the sacrifice. I think the Government treasure should *at once*, quietly, *but at once*, be sent to Dinapore, and that we should all be prepared to rendezvous there also, on the first real alarm, under protection of the 10th Regiment and guns."

EXTRACT from Mr. *Farquharson's* Letter.

"I THINK the Government treasure should *at once*, quietly, *but at once*, be sent to Dinapore, and that we should all be prepared to rendezvous there also, on the first real alarm, under protection of the 10th Regiment and guns."

EXTRACT from my Letter to Government.

"WHEN at the first outbreak of danger in May Mr. Farquharson proposed that we should be prepared to quit Patna, and place ourselves under protection of the guns at Dinapore, it was I that repudiated the idea, and took my stand at Patna."

From *W. Tayler*, Esq., to *A. R. Young*, Esq., Secretary to the Government of Bengal, Fort William.

Sir, Calcutta, 5 April 1858.

In my letter to your address of the 3rd instant, written in reply to the attack of Mr. Samuells, the present Commissioner of Patna, published by order of the Lieutenant Governor in the Blue Book, I stated that not recognising in Mr. Samuells a legitimate opponent in regard to those matters which concerned the Lieutenant Governor, I did not intend to notice his remarks regarding them.

2. It has, however, since been suggested to me, that if Mr. Samuells's remarks on these subjects remain unrefuted, they may operate to my prejudice.

3. I therefore have determined to waive my objection, and forward herewith some comments, showing how grievously Mr. Samuells has misunderstood or misrepresented the matters alluded to.

4. I beg that, in justice to me, this letter may be printed with the letter already submitted as speedily as possible.

Paragraph 46.

5. In this paragraph Mr. Samuells volunteers to defend Mr. Halliday from the charge which in my brief narrative I brought against him, in regard to a proposal which I made at the commencement of the disturbances, for raising a police corps of infantry and cavalry. As in almost all other matters touched upon by Mr. Samuells he has misconceived, and what is somewhat less excusable, mis-stated the case altogether.

6. Anyone who reads my narrative will see what I complain of is, that the Lieutenant Governor, *not disapproving of the measure itself* (if he had, as I have particularly stated, it would not have been for me to raise the objection), prohibited me from asking the zemindars for their assistance, while, at the same time, he told me to *thank them* if they gave it.

7. This is what I object to, on the ground that it was not straightforward, because if I had said to a zemindar, "I want you to give me 20 picked men and good horses, with a "guarantee from yourself for their loyalty and good conduct, I must not however *ask you* "for this assistance, but I will thank you if you give it."

8. If I had said this, can any honest or truth-loving gentleman deny, that it would have been what can scarcely be designated forcibly by any more formal or dignified term than "humbug"; that, in reality, I should have *asked*, though I *pretended not to ask*, and thus have lowered my own character, and the character of Government.

9. This then was my accusation, or rather complaint; and the extraordinary character of the permission given appeared, and still appears to me, to admit of one solution only, viz.: that the Lieutenant Governor having unadvisedly committed himself to the doctrine laid down in his proclamation, that no assistance from native landholders is acceptable *unless spontaneous* and *disinterested*, foresaw a dilemma if he authorised me to *ask*.

10. This then was my complaint, and now let it be observed how very obtusely Mr. Samuells has misconceived its character, and how very palpably he has mis-stated it. He says, "Mr. Tayler says, that at the commencement of the outbreak, he proposed to raise "a local force of infantry and cavalry on the guarantee of the zemindars, and that this "force *would* have prevented the defeat of the Seikhs at Gya, &c. &c., but the Lieutenant "Governor *weakly refused his sanction*."

11. A child may see how entirely Mr. Samuells has failed to apprehend my meaning; a school boy would be punished if he thus explained a passage in Markham's History, or Cornelius Nepos.

12. I did *not* complain, as I have before shown, that the Lieutenant Governor "*weakly* "*refused his sanction*" to my proposal. I did *not* say that the force which I proposed to raise *would* have prevented the defeat of the Seikhs, but that they *might* have done so, a rather different matter.

13. But the whole paragraph is filled with such mistakes, "Sanction however was, at a "later period, accorded to Mr. Tayler to raise a force of *the description mentioned*."

14. This is a mistake, the description of force I *wanted*, was a force of picked men and horses, supplied by the zemindars on their guarantee.

15. The raising of *this* description of force was prevented, because I would not lend myself to the mockery of "asking by anticipated thanks." I was therefore obliged to pick up, where I could, the "wretched-looking men," Mr. Samuells pourtrays, who were bad enough, Heaven knows, and for whom few would have been so bold as to offer a guarantee.

16. So here again Mr. Samuells is abroad.

Paragraph 47.

17. I need not say much on this paragraph, as it is hypothetical and does not deal with facts. I may, however, make a few remarks on that part of my statement which Mr. Samuells

Samuells has misquoted, and after misquoting, has criticised. When I said that such a force as I proposed to levy (and which, whatever Mr. Samuells may think, I feel perfectly confident I *could have* levied without drawing exclusively on Kooer Singh); when I said that this force *might* have prevented the defeat of the Seikhs, &c., I never for a moment imagined that a raw levy of imperfect discipline could cope in open fight with the 5th Irregulars; but I do think that if such a force had existed, and could have been employed in *co-operation* with the Seikhs, more certain and rapid intelligence of the enemy's movements would have been obtained, and Mr. Samuells might have been spared the discredit of that most bungling and unskilful affair in which the gallantry of Rattray's Seikhs and their brave commander scarcely availed to save them from destruction. The strategy which sent out infantry to oppose a body of cavalry, leaving town and gaol and fortress in their rear, is a strategy that will long be remembered in connection with the soubriquet of "General Samuells."

18. Although out of office, I ventured to give my opinion privately to Mr. Samuells on the inexpediency of such a movement; and if I am rightly informed, Captain Rattray, whose courage no one will be inclined to dispute, himself objected to it, as did several others on the spot.

19. There appears positively to be no limit to the misconceptions, no bound to the mis- Paragraph 48.
statements in which Mr. Samuells indulges.

20. Here we have another complaint which I preferred against the Lieutenant Governor, so disguised and distorted that I can scarcely recognise it myself. From my narrative it will be clearly seen that the subject of my complaint is, that when I represented to the Lieutenant Governor that I knew the 8th Cavalry to be in a mutinous state, and therefore urged him strongly to have them (the head-quarters at Bhagulpore) disarmed; the Lieutenant Governor instead of acting promptly and vigorously, sent me for answer to the effect, that "others trusted them; and that Government could not "afford to lose anything in the shape of cavalry, until it is known that their absence is "preferable to their presence;" *i.e.*, that in a matter which, after the information I gave, required prompt, vigorous, and determined measures; weakness and indecision were exhibited.

21. Now let us turn to Mr. Samuells, and see what he makes of the charge. He says, "Mr. Tayler offered to have the detachments at Chuprah and Dinapore knocked off their "horses, but Mr. Halliday would not listen to his advice, and to Mr. Halliday is, accord-"ingly, attributed the subsequent mutiny of the 5th, and the mischief therefrom arising."

22. Here again Mr. Samuells quite mis-states the case; he mentions my proposal to "knock the detachments at Chuprah and Dinapore off their horses," as *if that* was my principal and substantive proposal! whereas, that was *a mere incidental* affair, to be managed by me, if the Lieutenant Governor consented to disarm the head-quarters, which *is what I urged* on Mr. Halliday.

23. This is in itself sufficient to nullify all Mr. Samuells' arguments. If Mr. Samuells will raise giants of his own, he may be safely left to kill them by himself.

24. I must moreover notice one remark, which Mr. Samuells, in his character of self-constituted champion, makes in regard to this proposition. He says, "His attack on the "Lieutenant Governor is *particularly dishonest!* in this he leads the public to believe that "the Lieutenant Governor *had authority to disarm* the Irregular Cavalry; whereas Mr. "Tayler very *well* knew he had nothing of the kind, such power being exclusively vested "in the Governor General in Council."

25. Mr. Samuells is a devoted friend, and is resolutely bent on exculpating the Lieutenant Governor. His defence would be more effective if he had been in a less agitated condition, as he would then have understood the charges which he has laboured to refute, and would not have applied remedies without discerning the disease. I have above explained what my complaint against the Lieutenant Governor is on this head, and it will be very evident to every calm and reasonable man that that complaint is in no possible way affected by the fact that the Lieutenant Governor had not the power to disarm. Who had the power I did not know (though Mr. Samuells coolly assumes that I did, but Mr. Samuells will admit, I conclude, that the Lieutenant Governor was the authority to whom I was bound to refer. Well, admitting this, did Mr. Halliday himself lead me to suppose that *he* had no authority? did he write and say "what you report may be true; "but I have nothing to do with it," or anything to that effect. If he had done *this* (which Mr. Samuells now does for him) the case would have been different.

26. But I complain that he did not move in the matter at all; disregarded positive information, for the vague *trust* (which has since proved to have been ill-grounded), and recorded through Mr. Young the extraordinary sentiment quoted above!

27. The defence of Mr. Samuells, therefore, which appears to have been volunteered more for the sake of wedging in some more abusive epithets against myself, than for any reasonable purpose, is clearly irrelevant and beside the mark, certainly not calculated to benefit the Lieutenant Governor.

28. I now come to the case of Kooer Singh, in which Mr. Samuells launches out, with Paragraph 51.

great vehemence, charging me with "perfect audacity"—*manufacture* of facts and dates, and sundry other high crimes and misdemeanors.

29. Those who have studied the art of fencing well, know that it is often more difficult for one, who is master of his weapons, to defend himself from the clumsy and tumultuous onslaught of an unskilful antagonist, than from the polished attack of a trained opponent.

30. The awkward lounges and clarion-like movements of the one—now here, now there, in all possible shapes, and aimed at all conceivable places, frequently puzzle, and occasionally over-reach the tutored parries of the skilful swordsman, who could have effectually protected himself from the more regular thrusts of a more scientific adversary.

31. This is much the case with Mr. Samuells and myself. Were his quotations correct, his conceptions accurate, and his arguments sound, it would be far more easy to meet his attacks.

32. But when he misquotes a passage, and then criticises imaginary statements, when he distorts my meaning, and then founds a charge on what does not exist, the utter unreasonableness, and the clumsy vagaries of his irregular onslaught are provokingly perplexing; and when after false thrusts, and misdirected blows, he, at the close, resorts to what has been well called "the last resource of imbecility," personal abuse, the combat itself becomes discreditable.

33. The comments in regard to Kooer Singh contained in these paragraphs, afford a notable instance of this clumsy warfare, as I shall proceed to show.

34. According to custom, and almost, as it would seem, in conformity to a rule laid down, from which he is careful not to deviate, Mr. Samuells leads off with a direct mis-statement. He says, "The rebellion of Kooer Singh is attributed by Mr. Tayler to the "Board of Revenue having threatened to throw up the management of the Baboo's "estates, and the Lieutenant Governor's neglect of Mr. Tayler's urgent remonstrance "against this *order!*"

35. It is really difficult in characterising this statement to restrain one's expression within the limits of decorum, and I feel almost tempted to borrow at least one word from Mr. Samuells's polished vocabulary. It is difficult to imagine that so experienced an officer could have really mistaken my meaning, without believing him to be, what in his 16th paragraph Mr. Samuells says, he never has yet been called; and yet it is worse to suppose that the mis-statement is wilful.

36. I "*attributed* Kooer Singh's mutiny to the Board's order, and the Government neglect!!!"

37. Now this, if I had made it, would have been a serious charge; but when Mr. Samuells finds such attributing, I am at a loss to conceive, not clearly in my words, for all I said on the subject is, that if Mr. Halliday had attended to my earnest entreaty, "Government would have been spared the remorse of thinking that they had themselves "added at least *one inducement* to his revolt."

38. In implying that the Government "added one inducement" to Kooer Singh's revolt, do I *attribute his revolt to the Board and Government?* Is it fair, honest, or truthful in Mr. Samuells deliberately to make such a statement with my narrative before him?

39. But to proceed. On the second sentence of this paragraph, immediately after recording this extraordinary statement, Mr. Samuells again quotes my words, and again, by an ingenious distortion misrepresents them. He says, "Anything more ill-timed Mr. "Tayler cannot conceive, for the order arrived about a month before the Dinapore mutiny, "*where every one knew that Kooer Singh was being anxiously sought for as a leader by the* "*Dinapore Sepoys.*" Now Mr. Samuells has here been guilty of a very unjustifiable misrepresentation, and one which from its character it is difficult to imagine as unintentional, for he has picked out the words, "When everyone knew that Kooer Sing was being "anxiously sought for as a leader by the Dinapore Sepoys," which in my narrative belong to *one* sentence and statement, and cleverly tacked them on to another *totally different* to suit his own meaning; those words refer to the *effect of the measure* if carried out, which it had not been when I wrote to Mr. Halliday *in July!*—NOT to the mere *threat of the Board* that they would recommend the measure!! At the time the Board's letter arrived it was *not* known that Kooer Singh was courted by the Sepoys. At the time I wrote to Mr. Halliday *it was*, and *this* was the ground of my urgent representations; and here I must observe that it is evident from what Mr. Samuells says, that when I said "about a "month before the mutiny," I should have said "about two months before the mutiny." Mr. Samuells sitting in the office, and having command of the records, is doubtless better authority on such a point than myself, writing in Calcutta, from recollection. Mr. Samuells makes much of this single mistake; but altogether missing and misrepresenting the purport of my statement, he does not see that the point is one altogether *immaterial*; the order of the Board might have arrived about two, about three, or about six months before! *This* has nothing whatever to do with my charge against Mr. Halliday, which simply is, that when I wrote to him in July, urgently representing the crisis, and entreating him, without reference to any intermediate consultation, to authorise *me* to assure the Baboo he should not thus be thrown over; that on the receipt of this, instead of at once promptly

promptly and wisely complying with that entreaty, he sent me the common-place answer that he would *inquire* what the Board were doing, &c.; that I heard nothing more on the subject! and that the mischief was done before *any notice* was taken of the matter!! *This* is the gist of my charge, and it is of no possible importance to Mr. Samuells, myself, or anyone else, whether the Board's letter came in April, May, or June.

40. That letter was not an "Order" for abandoning Kooer Singh's estate; but merely an intimation, that after the lapse of a month the Board would recommend the abandonment! When I wrote to Mr. Halliday the *abandonment* had not taken place, and it was for an assurance prompt, *direct*, and immediate from Mr. Halliday that it should not take place, that I asked. It will thus be seen that the single mistake, such as it is, of saying "about one" instead of "about two" in a matter which is, in fact, of no consequence to anybody, has been converted by Mr. Samuells into "perfect audacity!!"—manufacture of "dates!" and "facts," &c. &c.

41. If the statement in my narrative is read by anyone in the possession of his senses, he will see that when I say "anything more ill-timed or ill-advised can scarcely be conceived, the effect of the measure would have been to throw him bound hand and foot into the power of his creditors, and make him altogether desperate, and this just at the moment when all knew he was "anxiously sought for" as a leader. Any man of common sense and discrimination will perceive that all this applies, and *must* "ex necessitate" apply, not to the mere letter of the Board, saying *they would recommend* the measure," but "the measure" *itself*, which rested solely with Government, and which *had not* been sanctioned or ordered by Government when I wrote in July.

42. The measure of the whole charge, which is clear enough, one would have supposed, to the meanest understanding, is rendered still more clear by the summing up in page 16 of the narrative, in which I say, "Had my entreaty regarding Kooer Singh been promptly acted on, I cannot absolutely say that he would never have joined the rebels, but the *Government* (not the Board) would at all events had been spared the remorse of thinking that they had themselves *added* one inducement to his revolt."

43. Having pointed out this strange misconception, and still more strange misrepresentation to which Mr. Samuells had committed himself, it is hardly necessary to follow him through the string of smart sayings which are contained in the 54th, 55th, and 56th paragraphs of his letter. Mr. Samuells is here merely beating the air and fighting more giants of his own; when he understands my statement, his remarks will be more pertinent. He looks at the public correspondence only on record in the office, and thus gropes in the dark.

44. My letter on the subject was a demi-official letter, and so was Mr. Halliday's reply.

45. The *sole* error, then, which I have committed is, that in stating loosely (as the word "about" clearly indicates) a fact of *no importance*, and writing from recollection, I wrote "about one month" instead of "about two months."

46. I give to Mr. Samuells the benefit of this single inadvertence in a trifling point, to counterbalance the numerous, flagrant, and unaccountable mis-statements which pervade his entire letter.

47. If in my statement the word "two" be substituted for "*one*," and there be inserted the words, "When the fear of Kooer Singh's revolt become more general," then even in this unimportant and incidental matter the statement is absolutely correct and unexceptionable.

48. But as I before said, they have *nothing* to do with my charge against Mr. Halliday, which stands precisely as it did (whether the Board's letter which gave *rise* to the communication came one month or two months before), *viz., that when I wrote urgently to him in July, in a most urgent and critical point, the case was met with neither promptness nor decision.*

49. What then becomes of the grave accusations which Mr. Samuells has heaped together in regard to this matter? Where are the *dates* manufactured, and where the "*facts*" invented? In what is the "perfect audacity" displayed?

50. After thus raining heavy charges upon me for a single slip of memory *not affecting the real* question, or the accuracy of my statement in its gist and substance, Mr. Samuells closes the subject with a novel idea, of which all the merit is his own, viz., that because I arrested the Wahabee Moulvies quietly at my own house, instead of incurring the risk of a row in the heart of the town, *therefore*, "if any Government officer is to be blamed for "the rebellion of Kooer Singh, the facts point to Mr. Tayler himself, and Mr. Tayler "alone." Paragraph 57.

51. I might just as well attempt to answer a charge of personal participation in the mutiny as this, and I feel so confident that when read it will meet, even among my enemies, with such universal ridicule that it is not worth while to notice it at all.

52. Though from my personal knowledge of Kooer Singh's character, I was inclined to doubt his disaffection (and am still disposed to believe that he *wavered* to the last), I took

what all admit to be the only prudent means of dealing with him, and my measures were *approved by* the Lieutenant Governor.

53. The supposition that he was prevented from coming to Patna, because I had adopted a particular mode of arresting these little Wahabee Moulvies, is the supposition of Mr. Samuells.

I have, &c.
(signed) *W. Tayler.*

NOTE by the Honourable *J. P. Grant.*

I WOULD return the two letters from Mr. Tayler, which are in original, to Bengal, saying that Mr. Tayler's claim to have them laid before the Government of India for disposal, cannot be admitted, the matter being one which it is plainly within the province of his own Government to decide.

The affair on which Mr. Tayler originally appealed to the Government of India has been finally determined by the Governor General in Council, and the President in Council will not consent to Mr. Tayler's re-opening it here. The affair to which Mr. Tayler's letters more directly relate, namely, his complaint regarding Mr. Samuells' comment, which have been made public, on the pamphlet printed and publicly distributed by Mr. Tayler, cannot form the subject of an appeal at present, seeing that the Lieutenant Governor has not yet passed orders thereon.

I would explain to his Honor that the orders on Mr. Taylor's appeal, in which the removal of that gentleman from Patna was approved, though concluding the case, so far as Mr. Tayler's conduct up to the time of his removal was concerned, were not intended to interfere with the Lieutenant Governor's perfect freedom of action on his own responsibility, in regard to any subsequent conduct of Mr. Tayler's.

The advisability of entering into the question of the justice of the convictions by Mr. Tayler, impugned by Mr. Samuells, is one for his Honor's consideration. All that can be said on this point, in answer to Mr. Young's last paragraph, is that although it certainly would not appear desirable to enter on a formal review of the trials in question, for the purpose of criticising the judgments on any nice questions of law or evidence, or on any doubtful points, yet as they have, in matter of substance, been strongly impugned by an officer of Mr. Samuells' high character, so strongly as to bring into question not so much Mr. Tayler's judgments in these instances, as his judicial character generally, it seems no more than just to Mr. Tayler to give some deliverance in this last respect. The cases are reported to be in the Bengal Government Office. If on reference to them the Lieutenant Governor should be satisfied that no imputation can rest on Mr. Tayler's impartiality, fairness of intention, and judicial conscientiousness in cases of life and death, a record of his Honor's opinion to this effect would be satisfactory and probably sufficient in every point of view. On the other hand, should a reference to the cases fail to produce this effect on his Honor's mind, an examination of them, in order to the solution of the personal question. by a bench of Nizamut Adawlut judges, with regard to the substantial issue of the guilt or innocence of the accused, and the fairness of the trial and judgment, would seem to be called for.

(signed) *J. P. Grant.*

The 18th April 1858.

J. Dorin, 20 April.
J. Outram, 20 April.

MINUTE by the Honourable *B. Peacock*, dated the 21st June 1858.

ALTHOUGH the blue book, published by the Lieutenant Governor of Bengal, containing remarks by Mr. Samuells on Mr. Tayler's "brief "narrative of events connected with his removal," was forwarded to the Government of India for information and record, it was not formally circulated, nor was the attention of the Government of India expressly called to it. The facts relating to Mr. Tayler's removal had been fully considered by the Governor General in Council, the case had been finally disposed of, and no further orders were necessary. I therefore must confess that I never read those remarks before my attention was directed to them by Mr. Tayler's letter. Mr. Tayler states that the letter containing the remarks by Mr. Samuells has been printed by order of the Lieutenant Governor, and promulgated for the information of the public; and that the Lieutenant Governor has sent the book which contains it to the editors of the public papers, without giving him an opportunity of seeing, or refuting, the serious accusations with which it is filled. He appeals to the Governor General in Council for protection, and prays that the attack made upon him by Mr. Samuells may be so dealt with as to prevent the repetition, and nullify the effects of so great a scandal.

REMARKS by Mr. *Samuells*.

Letter from the Secretary to the Government of Bengal, to the Secretary to the Government of India; dated 9th April 1858, No. 1090.

Letters from Mr. W. Tayler, late Commissioner of Patna, forwarded therewith, and dated respectively 3rd April 1858, and 5th April 1858.

The Lieutenant Governor treats Mr. Tayler's letters as an appeal to the Supreme Government against certain of his Honor's proceedings, and has forwarded them, with scarcely a remark, to the President in Council, for such notice as he may think fit to take of them. He has not contradicted the statement made by Mr. Tayler respecting the publication of Mr. Samuells' remarks, and I think it must therefore be assumed that his Honor has promulgated the blue book for the information of the public, and that he has sent it to the editors of the public newspapers.

The blue book contains a letter from the Secretary to the Government of Bengal to Mr. Samuells, dated 15th February 1858, containing the following paragraph:—"As regards the substance of your letter, the Lieutenant Governor "desires me to say, *that he considers you to have ably and successfully exposed* "*the fallacies which pervade Mr. Tayler's unjustifiable pamphlet;* although it is "not to be denied that the language in which your remarks are conveyed is in "some places *less measured than is customary* in official correspondence. His "Honor is, however, willing to make allowance for *some strength of expression* "on an occasion on which you may well be excused for entertaining strong "feelings under unjust and unprovoked attack." I regret that I cannot take the same view of Mr. Samuells' letter as the Lieutenant Governor has done.

There is nothing in Mr. Tayler's narrative of events which can, in my opinion, either justify or excuse the general tone of the letter, or the language which has been made use of by Mr. Samuells.

See specimens of the language in Mr. Tayler's letter, paragraph 9.

The greater part of Mr. Tayler's narrative (very unjustifiable, no doubt) was an attack upon the Lieutenant Governor and his policy. The letter of Mr. Samuells was an official one, addressed by him, as Commissioner of Patna, to the Secretary to the Government of Bengal. Before it was written Mr. Tayler had been severely censured by order of the Supreme Government, for printing and publishing his "Narrative of Events." Mr. Samuells was probably not aware of that fact when he wrote the letter; although the Lieutenant Governor must have been so when he published it. But even if Mr. Samuells had not been informed of the censure passed upon Mr. Tayler, he certainly was not justified, as Commissioner of Patna, in expressing his opinion upon that part of Mr. Tayler's conduct which related to the abandonment of the districts, and in consequence of which that gentleman had been removed from the office to which Mr. Samuells had succeeded. That matter had been disposed of by the removal of Mr. Tayler, and it would have been more generous and becoming on the part of Mr. Samuells to allow it to rest. As Commissioner of Patna he was not called upon to write officially to the Government of Bengal in defence of the Lieutenant Governor. If, after the

See paragraph 3.

censure which had been passed upon Mr. Tayler by the Supreme Government, the Lieutenant Governor considered it necessary to vindicate himself, he was the proper person to do so. Indeed his Honor has, since the publication of Mr. Samuells' letter, recorded a Minute, dated the 17th of March 1858, in defence of his own conduct.

They commence at paragraph 17 of the "Narrative of Events," as printed by Government, and are contained principally in paragraph 22.

The charges brought by Mr. Tayler against Mr. Samuells in the "Brief "Narrative of Events" are few, and comparatively trivial, and they might have been answered in a few words. If Mr. Samuells considered it necessary to defend himself against them, he should have done so in calm and temperate language. But he has not even confined himself to replying to the attack of Mr. Tayler upon the policy of the Lieutenant Governor and himself, but has proceeded to examine and criticise Mr. Tayler's conduct; not for the sake of the public good, but on account of the course which he says Mr. Tayler has pursued "in exalting himself at his expense." He says (paragraph 59), "I "wish I could stop here, but the course which Mr. Tayler has pursued *in* "*exalting himself at my expense*, and affirming that nothing but a policy which "he declares to be antagonistic to that of the Government and myself could "have saved Patna, *that I am forced upon an examination of Mr. Tayler's* "*claims to the extravagant praise which he bestows upon himself.*" He then proceeds to examine the conduct of Mr. Tayler in regard to the prisoners who were tried by him, condemned to death, and executed. He says, amongst other

Paragraph 64.

things, "He" (referring to Mr. Tayler) "takes credit, however, for his energy "after the outbreak. He hanged or imprisoned the chief criminals. That I "presume every judicial officer would do, if the guilt of the prisoners sent before "him for trial was established; Mr. Tayler either means, therefore, that he did "this, in which case it is not easy to see in what his merit consists, *or that he* "*hung and transported people whom other judges would have acquitted.* This "last hypothesis, *lamentable as it is, is probably not far* from the truth. The

Paragraph 65.

"general belief amongst the respectable people in the town always has been, "*that the majority of the men executed for complicity in Dr. Lyell's murder were* "*innocent*, and the approvers, on whose evidence chiefly they were condemned, "deposed not long ago, as you will recollect, before Mr. Fergusson, the magis- "trate of Alipore, that they had been compelled by Moula Bux, the deputy "magistrate, to give false evidence against particular parties, on a threat of "being hung themselves if they refused. It is impossible to say what truth "there may be in this, *but it is certain that Mr. Tayler placed himself entirely* "*in the hands of the deputy magistrate, Moula Bux, in regard to these trials.*"

Paragraph 67.

Again, after stating that Moula Bux had been accused of having been one of the instigators of the outbreak, he says: "He arrested whom he pleased, and "released whom he pleased; *the evidence of the witnesses was taken by him,* "*and on this evidence, without any fresh examination of the witnesses in the* "*presence of the accused, some fourteen men were condemned to death and executed.*"

Again, in paragraph 68: "The outbreak was clearly the work of Mahomedans, "for in front of the rioters was carried a banner on which was inscribed a verse "of the Koran. To select a Mahomedan then to conduct the investigation into "this case, one, moreover, who had himself been named as the instigator of the "affair, *and to trust so implicitly to this man as to send men to death upon the* "*evidence which he chose to put upon record*, does appear to me, to say the least "of it, a very singular instance of want of judgment."

In paragraph 69 he says: "A very striking fact is, that although several "of the men apprehended made *quasi* confessions, the real origin of the con- "spiracy, its ramifications, and the mode in which it was managed, are still "matters of conjecture. Efforts were of course made to implicate Lootf Ali "Khan, the enemy of Nilayat Ali; but they entirely failed, and it is at the "present day quite uncertain who the real instigators of the plot were, and "whether it originated in Patna or Lucknow, though the probability seems to "be in favour of the latter hypothesis. *This would hardly have been the case* "*if all those who were apprehended and confessed to this charge had been really* "*guilty. It is a matter of grave doubt, therefore, whether Mr. Tayler's exultant* "*exclamation, that even the Mahomedan Commissioner could not restore to life* "*the scoundrels he had hanged, ought not to be converted into a sincere wish, for* "*Mr. Tayler's sake, that he had possessed this power.*"

Now

Now let the above paragraph be read in connection with the statement in paragraph 13, in which it is said, "*the Lieutenant Governor expressed his fear, "from what he heard, that Mr. Tayler had punished many innocent men;*" and with the following passage in paragraph 8, "I would rather that my right arm "should wither from the shoulder than I would spare one man who had been "art or part in any of the atrocities which have been recently perpetrated on "our unfortunate friends and relatives in this land; *but, on the other hand, I "should regard myself as on a level with the miscreant sepoys if I sent innocent "men to the gallows, or punished those of whose guilt I was not fully assured.*"

I say let all these paragraphs be read together, and it is evident that most grave and serious charges have been brought against Mr. Tayler, charges which affect his character not merely as a judicial officer, but as a man who had regard even for the commonest principles of justice. What other meaning can be attributed to the words, "This latter hypothesis (namely, that Mr. Tayler hung "and transported men whom other judges would have acquitted), *lamentable* as "it is, is probably not far from the truth," than that Mr. Tayler hanged and transported men whom any competent judge would have acquitted? What good reason could there be for stating, even if the fact were so, that the general belief amongst the respectable people in the town was, that the majority of the men executed for complicity in Dr. Lyell's murder, were innocent, if Mr. Samuells himself did not consider that there was a good foundation for that belief? Or if Mr. Samuells did not believe that there was a grave doubt whether Mr. Tayler had not hanged innocent men, why did he declare that it was matter of grave doubt, "whether Mr. Tayler's exclamation that even the "Mahomedan Commissioner could not restore to life the scoundrels he had "hanged, ought not *for Mr. Tayler's sake* to be converted into a sincere wish "that he had possessed this power."

Here I feel bound to remark that in reviewing Mr. Tayler's conduct, Mr. Samuells has not dealt fairly with that gentleman. In paragraph 64 he has evidently perverted Mr. Tayler's meaning by quoting only a part of a sentence; and for the purpose of placing him upon the horns of a dilemma wishes it to be understood that Mr. Tayler takes credit for the simple fact of having hanged or imprisoned the chief offenders; whereas to anyone who reads Mr. Tayler's statement, copied in the margin, it must be clear that he never intended to take credit for the mere fact of hanging or imprisoning, but for having by his energy caused the offenders to be brought to justice, of which hanging or imprisonment was the consummation.

"In the face of these difficulties, by God's "blessing, my measures were crowned with "success. The city was disarmed, the danger- "ous and disaffected were rendered powerless, "the people were compelled to keep in their "houses after nine o'clock at night, conspira- "cies were detected and baffled, an attempt to "raze the city failed, *the chief criminals were "hanged or imprisoned*, the villains of the town "fled in terror, and peace and security, such "as had never been known before, were esta- "blished," &c.—*Vide page 8 of Narrative.*

Moreover anyone reading paragraphs 67 and 68 of Mr. Samuells' letter would imagine that the evidence of the witnesses upon whose testimony the prisoners were condemned to death and executed, was taken by Moula Bux, and that the prisoners on the trial before Mr. Tayler were not confronted with the witnesses, nor allowed an opportunity of cross-examining them, but were condemned to death solely upon the evidence as recorded by Moula Bux. Mr. Tayler has denied this part of the charge, and although, according to his own showing, he committed a great irregularity by reading over to the witnesses their previous depositions instead of examining them entirely *de novo*; yet if his explanation is true, there is no foundation for the charge imputed to him by Mr. Samuells in this part of his letter.

See paragraphs 284 to 294 of his letter, dated 3rd April 1858.

But Mr. Samuells is not satisfied with impugning the conduct of Mr. Tayler as a judge; he charges him with having *previously to the trial of Lootf Ali, and during it, attempted to influence the mind of the judge against the prisoner.* I will not enter upon the subject of this charge, as Mr. Tayler's comments upon it are contained in his memorial to the Honourable Court of Directors.

See paragraph 27.

It is evident that Mr. Samuells' letter, though addressed officially to the Government of Bengal, was intended for the public, and not merely for Government, otherwise, where was the necessity of his justifying to the Government of Bengal the conduct of the Lieutenant Governor, or of his alluding to facts which were known by the Lieutenant Governor at least as well as they were by Mr. Samuells? Or what was the use of sending testimonials of Ameer Ali's character, or explaining the nature of Ameer Ali's appointment, to the Lieutenant

See paragraphs 1, 10, 11, 12, 13, 14. *See* paragraphs 15, 16, 17. *See* paragraph 18.

tenant Governor who had appointed him? Or what advantage did Mr. Samuells suppose would be gained by dealing with the fables alleged to have been reproduced by Mr. Tayler regarding Ameer Ali, for the information of the Lieutenant Governor, who could not have been supposed by Mr. Samuells to believe them? I very much regret that Mr. Samuells should have written such a letter; I regret still more that the Lieutenant Governor should have been induced to publish it, and send it to the editors of the newspapers. The slightest reflection would have been sufficient to satisfy anyone that the publication of such a letter at any time would be calculated to bring discredit upon the administration of justice; and it must have been self-evident that such a publication could not but be most mischievous at a time like the present, when above all things it is essential that our character for impartiality and justice should be maintained.

Mr. Samuells (paragraph 81) admits, "*that he has not measured his blows,* "*and that he has not treated Mr. Tayler with a courtesy which he did not deserve.*" But he should have recollected that even though courtesy was not, in his opinion, due to Mr. Tayler, respect to the Government which he was officially addressing, ought to have induced him to moderate his language. Such conflicts between high officers in the service, based upon private pique or personal feelings, are in the highest degree discreditable. In my opinion the letter ought not to have been admitted on the records of Government, and at least I should imagine that the inexpediency of publishing it under any circumstances would have been apparent. But the letter from the Government of Bengal, in which the Secretary informed Mr. Samuells, that the Lieutenant Governor considered that *he had ably and successfully exposed the fallacies which pervaded Mr. Tayler's pamphlet*, was dated the 15th of February 1858, on the very next day Mr. Tayler was appointed by the Lieutenant Governor to officiate as civil and sessions judge of Mymensing; and on the 20th, the blue book containing Mr. Samuells' letter was forwarded to the Government of India for information and record.

If the Lieutenant Governor believed the charges brought against Mr. Tayler in that letter, he ought not to have appointed him to officiate as civil and sessions judge, at least without further inquiry; if he disbelieved them, the mere fact of his having appointed Mr. Tayler to one of the highest judicial offices in the Mofussil, independently of any considerations of justice to Mr. Tayler, ought, in my opinion, to have induced him to abstain from publishing them.

It matters not, with reference to this view of the case, whether the Lieutenant Governor appointed Mr. Tayler voluntarily, or felt himself bound to do so in consequence of Mr. Beadon's letter of the 23rd December 1857. The Lieutenant Governor in his Minute of the 17th March 1858, paragraph 123, says: "When I received the orders of the Supreme Government upon Mr. Tayler's "appeal in the matter of his removal from Patna, it seemed to me that the "concluding paragraphs of Mr. Beadon's letter scarcely left me an option as to "his re-employment."

I certainly did not so understand the letter, nor can I even now think that there was any obscurity in it. I think it should be explained to the Lieutenant Governor, that the Supreme Government had not the slightest intention to fetter his judgment in any way as to the re-employment of Mr. Tayler.

In approving of Mr. Tayler's removal from the Commissionership of Patna, the Governor Gneral in Council thought it right to add, "that as far as ability "and previous good conduct were concerned, there was no reason against "Mr. Tayler's re-employment in high office." But the letter from the Secretary went on to request, that Mr. Tayler might be informed, with reference to his request, that the Supreme Government will direct the Lieutenant Governor to employ him temporarily or otherwise, "*that the Governor General in Council* "*entirely declines to take any step of the kind.*"

Even if the Supreme Government had left the Lieutenant Governor no option as to Mr. Tayler's appointment, it should be borne in mind, that the imputations contained in Mr. Samuells' letter had not been brought to the notice of the Government of India at the time when Mr. Tayler was appointed. If the charges were believed by the Lieutenant Governor, nothing could have been easier than to call the attention of the Government of India to them before the

Lieutenant

Lieutenant Governor acted upon the supposed directions in Mr. Beadon's letter, instead of merely sending up the blue book for information and record after Mr. Tayler had been appointed. The Lieutenant Governor in his Minute, dated 17th March, recorded since Mr. Tayler's appointment has continued to give support to the charges contained in the paragraphs of Mr. Samuells' letter, to which I have above alluded. His Honor says, "It is at present no part of "my business to investigate the real merits of Mr. Tayler's proceedings." It is the less necessary to touch upon this part of the subject, because the extreme shallowness of Mr. Tayler's pretensions under this head, has been thoroughly and unanswerably *detected* and *exposed* by Mr. Samuell's in paragraphs 60 to 76 of his letter of the 29th of January last, printed at the end of the collection of papers regarding Mr. Tayler's removal. In the same Minute his Honor also expresses his doubts as to the propriety of Mr. Tayler's appointment to officiate as Civil and Sessions Judge of Mymensing.

The paragraph containing the serious imputations against Mr. Tayler are Nos. 64, 65, 67, 68, and 69.

He says (para. 123), "Having now concluded my review of this very "unjustifiable production, I think it necessary to make a few observations on "the subject of Mr. Tayler's recent appointment to officiate as Judge of "Mymensing. *For looking at the amount of misrepresentation comprised in his "pamphlet*, of the full extent of which I was not even myself aware until I "came to examine it carefully, *I am bound to confess that the propriety of the "appointment in question appears to me very doubtful.*" But it must be remarked that it is on account of the misrepresentations in the pamphlet, and not on account of Mr. Tayler's conduct in regard to the trial and conviction of the prisoners, that the propriety of his appointment is doubted by the Lieutenant Governor. The Lieutenant Governor nowhere brings any distinct or specific charge against Mr. Tayler in respect of those trials; nor does he express any doubt as to the truth or accuracy of the explanation given by Mr. Tayler respecting them in paragraphs 290 to 294 of his letter of the 3rd of April, though the publication of Mr. Samuells' letter, and his subsequent reference to, and approval of, the paragraphs which convey the most serious imputations, have added the weight of the Lieutenant Governor's opinion to the charges therein brought against Mr. Tayler.

In paragraph 4 of the letter from the Secretary to the Government of Bengal, the Lieutenant Governor submits to the President in Council, that if it should be deemed advisable to enter into the question of Mr. Tayler's judicial proceedings in the punishment of persons tried for the riots at Patna, his Honor might perhaps think fit to direct the Government of Bengal to submit the papers to the judges of the Nizamut Adawlut for report. I see no reason to give any such directions; on the contrary, I think it would be very unadvisable to do so. If unhappily innocent men have been hanged, no reference to the Sudder Nizamut can repair the injury. Should the Sudder report unfavourably, the men who have been executed cannot be restored to life. It is, therefore, only for the sake of Mr. Tayler's character, and for the purpose of ascertaining whether he ought to be entrusted with judicial powers, that any inquiry upon the subject can now be necessary or expedient. But upon an inquiry for that purpose, Mr. Tayler ought to have an opportunity of being heard and of defending himself. A report of the Sudder Court, however unfavourable to Mr. Tayler, ought to be no ground for the removal of Mr. Tayler from his present office, unless he be allowed an opportunity of appearing and defending himself. A reference to the Sudder Court in this case would not, in all probability, be productive of any greater benefit than it was in the case of Mr. Kemp. If Mr. Samuells has any charge to bring against Mr. Tayler in regard to the conviction of the prisoners, or the sentences passed upon them, or if he can show that Mr. Tayler betrayed such ignorance, or was guilty of partiality, or of such misconduct or negligence in the course of their trial as to render him unfit to be trusted with judicial powers, he should specify those charges distinctly, and forward them to the Lieutenant Governor, to be dealt with in such manner as his Honor may think fit; otherwise he ought to be bound to withdraw all the imputations and insinuations which are contained in his letter upon the subject of those trials.

Judging as far as I can, from all the papers before me, I see no reason to believe that Mr. Tayler condemned to death or imprisoned any innocent man, or any man against whom the evidence was such that a competent judge would

have acquitted him; and judging from Mr. Tayler's explanation, which appears to be admitted, there seems to be no ground for the imputation that he placed himself entirely in the hands of Moula Bux, or condemned men to death upon the evidence which that officer chose to put upon record without any further examination of the witnesses. I would inform the Lieutenant Governor to that effect, and tell him that the President in Council sees no sufficient reason to direct the Lieutenant Governor of Bengal to submit the papers to the judges of the Nizamut Adawlut for report. That if his Honor the Lieutenant Governor considers that Mr. Tayler was guilty of partiality, or so misconducted himself upon the trial of the prisoners, or in convicting and sentencing them to death, or in placing himself in the hands of Moula Bux, as to render him unfit to hold a high judicial office, the proper course will be to prepare distinct articles of charge, and to proceed under Act No. XXXVII. of 1850, though in such case it would be much to be regretted that Mr. Tayler should have been appointed to the office which he now holds. I would request the Lieutenant Governor to convey to Mr. Samuells the severe censure of the Supreme Government for the general tone of his letter and the language which he has made use of towards Mr. Tayler, also for having officiously volunteered his opinions in respect of matters for which Mr. Tayler had been removed from the Commissionership of Patna, and for improperly availing himself of his office of Commissioner for the purpose of writing officially to the Government of Bengal upon matters wholly unconnected with his office, and in language unsuited to official correspondence. I would further request the Lieutenant Governor to inform him, that if he has any charges to prefer against Mr. Tayler in respect of his conduct in regard to the trial or conviction of the prisoners who were condemned to death, or in respect of his having placed himself in the hands of Moula Bux, or of his having condemned men to death solely upon evidence which Moula Bux put upon record, and without any fresh examination of the witnesses in the presence of the prisoners, he must state distinctly the substance of the charges, and whether he is prepared to prove them; and forward them to the Lieutenant Governor for such orders as his Honor may think fit to pass. That if he is not prepared to prefer such charges in a specific form, the President in Council requires him to withdraw the imputations upon Mr. Tayler, conveyed by him in paragraphs 64, 65, 67, 68, and 69 of his letter, and also either to withdraw the imputation conveyed in para. 8, or to state that in using the words—"I should regard myself as on a level with the miscreant sepoys themselves, if I sent innocent men to the gallows, or punished any one of whose guilt I was not assured," he did not intend to impute to Mr. Tayler that he had been guilty of such misconduct. I would further request the Lieutenant Governor to explain, whether when he expressed to Mr. Samuells his fear from what he heard that *Mr. Tayler had punished many innocent men*, he had reason to believe that Mr. Tayler had been guilty of misconduct, which rendered him unfit for a judicial appointment; and if so, whether he has made any further inquiry upon the subject, either before or since he appointed Mr. Tayler to officiate as judge of Mymensing; and if he has, whether such inquiry has confirmed his fears or removed them. I would also inform the Lieutenant Governor, that the President in Council wholly disapproves of his having published Mr. Samuells' letter, and of his having sent it to the editors of the newspapers.

See paragraph 13.

I would request him to stop any further publication of the letter, and to be more cautious in future as to the papers which he lays on the editor's table, or sends to the editors of the newspapers; and I would tell him that in the opinion of the President in Council, correspondence or papers which expose dissensions between officers of Government, and especially when offensive and unbecoming language is used therein, or which tend to bring the administration of justice into discredit, ought not to be laid on the editor's table, or circulated for the information of the public.

21 June 1858. (signed) . *B. Peacock.*

MINUTE by the Honourable the *President*, dated the 5th July 1858.

1. I AM still of opinion that this is a case which the Honourable the Lieutenant Governor of Bengal should have decided himself; when Mr. Tayler, if dissatisfied with that decision, would have had it in his power to appeal to the Government of India. Mr. Tayler's complaint, dated 5th April 1858.

2. The Lieutenant Governor sent it up to the President in Council, in the first instance, because Mr. Tayler requested that the papers should be submitted for his consideration, and because Mr. Tayler's letter was obviously an appeal from the Lieutenant Governor's proceedings. But the first of these reasons goes for nothing, as Mr. Tayler has no right to pass over his own Government; and it would be very inexpedient to allow any officer to do so. I do not think the second reason valid, because though Mr. Tayler's letter is a remonstrance against a certain act of the Lieutenant Governor, namely, the publication of Mr. Samuells' letter, and a complaint against Mr. Samuells for having written that letter, it is not, I think, an "appeal" against any decision or act of the Lieutenant Governor, in the sense which would make it a fit subject for the merely revising authority of the Supreme Government. So far as Mr. Tayler alludes to his case which has been disposed of by the Governor General in Council, his letter requires no notice; but so far as it is a fresh remonstrance and complaint, it is in my opinion a subject to be disposed of, at least in the first instance, by the local Government. If the Lieutenant Governor were to admit and to remedy, so far as possible, that against which Mr. Tayler now for the first time remonstrates; and were to think it proper to take, in regard to Mr. Samuells' charges, a course which would be satisfactory to Mr. Tayler, the case would never come up for review in appeal at all. Otherwise, if pushed to appeal, the points for review would probably come out clearly, and we should have the benefit of the Lieutenant Governor's remarks and explanations on the whole question.

3. In short, I am of opinion that the Lieutenant Governor, who has never before seen this remonstrance and complaint of Mr. Tayler's, should pass orders upon it, exactly as he would do in the case of a remonstrance and complaint from any other officer under him, coming before him for the first time. If in his orders he do not, in our opinion, meet the full justice of the case, it will then, I think, be time enough for the Government of India to interfere.

4. In regard to what public justice demands, with reference to the heavy accusations of Mr. Samuells affecting the judicial character of an officer lately appointed a judge, to which question the last paragraph of Mr. Secretary Young's letter is addressed, I think we shall do right to intimate our opinions to the Lieutenant Governor in reply to his suggestions.

5. This is the view of the case which occurred to me when the papers first came before us, as explained in my unrecorded note of the 18th April, with which I observe Mr. Dorin and Sir James Outram concurred; and after giving my best consideration to the arguments of my honourable colleague Mr. Peacock's Minute, I do not find my judgment materially altered.

6. I greatly doubt the expediency of directing the Lieutenant Governor, in any event, to constitute a Commission under Act XXXVII. of 1850, for the trial of Mr. Tayler on the charges advanced against him by Mr. Samuells; that Act, I apprehend, was intended for the trial of a very different class of cases. An officer may be ascertained to be wholly and even discreditably disqualified for a judicial position, and he may be shown to have proved himself to be so by his conduct on a particular occasion, without any necessity for resorting to a formal trial, which in its nature is a criminal case; and I think, putting a judge on his trial in that manner, for such general miscarriages as Mr. Samuells imputes, where nothing distinctly criminal in his motives is even alleged, would be injurious. It would be, I think, an useless scandal; for every good object could be secured without it. Nothing probably is imputed which, if true, must not appear on the records of the cases in question; and there is probably little charged which, if true, is proveable except from the records; and however this may be, the first step manifestly must be the examination of the records.

7. I still hold, therefore, to the view I expressed upon this point, in the note above mentioned, namely, that Mr. Samuells' charges, coming from such a highly reputed officer as he is, against an officer holding the post of a judge, are too serious to remain unnoticed, as they appear to have been by his Honor, until Mr. Tayler repudiated them in his present letter, but that it will be enough in the first instance if the Lieutenant Governor, from an examination of the records in question, satisfies himself as to there being from them a *primâ facie* case for inquiry, not into the judgments, but into the conduct of the judge. If he should be, as I hope he will be, satisfied that there is not, his announcement of his decision absolving Mr. Tayler from all that would disqualify him permanently for the bench, will, I should think, be sufficient for the honour of the judicial department. If unhapily this should not be the effect of his examination, then I am still of opinion that the cases should be made over to the Sudder Court, the natural authority to appeal to in such matters, according to our system; with orders to report, not on the correctness of the judgments, but on the general conduct, the fairness, and the judicial fitness of the judge, as evidenced by the whole of the proceedings in these cases.

8. This, in my opinion, will attain the end fully, in the best and most natural manner, and with the least scandal.

9. I have no fear of another such mistake being made as that which occurred in the case alluded to by Mr. Peacock. The fault there was in the Bengal Government, which put the wrong question, and acted upon the answer as though it had been an answer to the right one. That mistake will not be repeated I am sure; at all events it can be guarded against by special explanation from us.

10. On the Lieutenant Governor's proceeding in publishing, without taking any ulterior measures, what, if correct, should have led to ulterior measures, and if not correct, was a most serious libel in official form, by one high officer on another, I should prefer before expressing a final opinion to hear his Honor's explanation of the measure. This he would naturally give in disposing of Mr. Tayler's remonstrance against the measure; but I can see no objection to an express request that he will explain his reasons for so unusual, and what seems so objectionable, a step.

11. On Mr. Samuells' conduct, as I have above explained, it seems to me the business of the Lieutenant Governor to deliver a judgment, at least in the first instance, which I presume he will do after communicating Mr. Tayler's complaint to him, and receiving his explanation.

12. In what I have said, which amounts to general adherence to the view I took when the case first came before us, I do not wish to be understood as being inclined to take a view different from that taken by Mr. Peacock, upon the merits of the several questions involved in this reference, so far as they are yet opened to us. My difference of opinion relates to the mode of procedure, in the present position of the case, and to nothing more.

5 July 1858. (signed) *J. P. Grant.*

MINUTE by the Honourable *H. Ricketts*, dated the 7th July 1858.

I AGREE to suggest to the Lieutenant Governor, that he should himself examine the records of the cases. Should they not bear out the accusations of Mr. Samuells, he will of course pass such orders as shall satisfy Mr. Tayler, and convey to Mr. Samuells the rebuke he may deserve.

Should the records of the cases contain evidence *primâ facie* unfavourable to Mr. Tayler, I concur with the Honourable President, that a reference to the Sudder Court will be preferable to a Commission under Act XXXVII. of 1850. Should the Sudder Court agree in the view taken by the Lieutenant Governor, they should call on Mr. Tayler for explanation of such conduct as they may consider blameable, and report their opinion, after considering his defence, to the

the Lieutenant Governor. Should the report of the Sudder be unfavourable to Mr. Tayler, it will rest with the Lieutenant Governor to dispose of the case himself, or to report it for the consideration of the Government of India, with reference to the amount of culpability established. Should the report of the Sudder be favourable to Mr. Tayler, it will be for the Lieutenant Governor to reconsider his *primâ facie* conclusions against Mr. Tayler, and to pass such orders respecting him and his accuser as may be suitable.

I agree with the Honourable the President, that before expressing any opinion as to the publication of Mr. Samuells' letter, we should invite the Lieutenant Governor to explain his reasons for adopting so unusual a step.

I would not at present express any opinion of the language made use of by Mr. Samuells, but I would point out to the Lieutenant Governor, that it is expected that in finally disposing of the case, whether the decision be favourable or unfavourable to Mr. Tayler, he will not overlook the necessity of confining official correspondence within the limits of decent courtesy.

Such is the course I would counsel if further investigations are unavoidable, but I would submit for the consideration of my honourable colleagues, whether any possible advantage to be derived from further inquiries would not be more than counterbalanced by the countenance given to a continuation of these most scandalous animosities and recriminations. As the case has been submitted to the Honourable Court, I think we might submit these papers in continuation, saying that though we disapproved entirely of the tone, and of much of the matter of Mr. Samuells' letter, and disapproved as much of many parts of Mr. Tayler's reply, and disapproved of the publication of Mr. Samuells' letter by the Lieutenant Governor, we were on the whole of opinion the Public Service would be best consulted by a cessation of agitation in this country. During the time that must elapse before an answer can be received from the Honourable Court, angry passions will have subsided and, it is to be hoped, the condition of the country will have improved, and all parties will be content to receive the deliberate resolve of the Court. It must be admitted that such a disposal of the matter will leave the grave charge brought by Mr. Samuells against Mr. Tayler without any determinate award. I doubt if any inquiry either by the Sudder Court or by a Commission will ever result in a conclusive adjudication. It would be quite unreasonable to judge Mr. Tayler's conduct without considering the circumstances under which he acted. He may have been satisfied with proof which would have been rejected in peaceful times. He would not, on this account only, be considered obnoxious to condemnation.

Mr. Tayler might be informed that it had been resolved to forward his letters to the Court, there to be disposed of with the case already submitted; and that if he considered this incomplete satisfaction, he was at liberty to demand a Commission which would be granted. Though all inquiries under Act XXXVII. of 1850 have hitherto been confined to cases of corruption, the Act provides for "a formal and public inquiry into the truth of any impu-"tation of misbehaviour." I think a charge that an officer condemned and caused parties to be executed without fair trial, might be disposed of under that law.

7 July 1858. (signed) *H. Ricketts.*

MINUTE by the Honourable *B. Peacock*, dated the 9th July 1858.

I ENTIRELY agree that all further inquiry upon the subject of the trials should be avoided if possible.

It was for that very reason that I thought the matter should not be referred for further inquiry, unless either the Lieutenant Governor or Mr. Samuells were prepared to bring distinct and specific charges. If such charges be brought, I see no objection to refer them for investigation to the Sudder Court instead of referring them to Commissioners. But the charges should be distinct and specific, so that Mr. Tayler may know what he has to meet, and he should also be allowed to be heard and to defend himself. I think it will be very inexpedient to call upon the Sudder Court for any report except upon

distinct charges preferred, and after giving Mr. Tayler an opportunity of being heard. An unfavourable report in the absence of Mr. Tayler can be of no use, and although not binding upon Mr. Tayler, would add to the discredit already brought upon the administration of justice, and therefore would be very injurious.

I can scarcely bring myself to think that the Lieutenant Governor would have appointed Mr. Tayler to the office of Civil and Sessions Judge if he had seriously believed the accusations brought against him by Mr. Samuells, or if he had continued to entertain fears that Mr. Tayler had, through misconduct or negligence in the discharge of his duties, punished innocent men; though he undoubtedly added the weight of his high authority to such accusations, by publishing Mr. Samuells' letter after he had appointed Mr. Tayler to his present office.

I hope that when the Lieutenant Governor and Mr. Samuells consider Mr. Tayler's conduct, for the purpose of determining whether the loose and general accusations which have been preferred will hold good if reduced to distinct and specific charges, they will find reason to modify their opinions; and if so, I feel confident that they will be ready to do justice to Mr. Tayler.

I therefore still think that Mr. Samuells should be required to bring distinct charges or to withdraw his accusations, as suggested in my former Minute, and that the Lieutenant Governor should be asked whether, when he appointed Mr. Tayler to officiate as Civil and Sessions Judge of Mymensing, his fears that Mr. Tayler had punished many innocent men had been removed.

I think this Government will lay itself open to reproach if it allow Mr. Tayler to continue to act as Civil and Sessions Judge with such serious accusations hanging over him, without taking any means for compelling his accuser either to substantiate the charges or to withdraw them. Whatever course may be adopted, I agree with Mr. Ricketts in thinking that these papers should be sent to the Court of Directors forthwith, in continuation of the former correspondence. I have no objection, if it be thought necessary, to invite the Lieutenant Governor to explain his reasons for adopting the unusual course of publishing such a letter as that of Mr. Samuells', before the President in Council expresses any opinion upon the subject. It may possibly, in that case, be as well to ask him whether he did send it to the newspapers and promulgated it with the other correspondence contained in the blue book, for the information of the public.

(signed) *B. Peacock.*

9 July 1858.

(No. 1719.)

From *C. Beadon*, Esq., Secretary to the Government of India, to *A. R. Young*, Esq., Secretary to the Government of Bengal.

Sir, 28 July 1858.

I HAVE the honour, by direction of the Honourable the President in Council, to acknowledge the receipt of your letter, No. 1090, dated the 9th April last, enclosing Mr. Tayler's complaint against Mr. Samuells for having made certain serious charges against him, and his remonstrance against the act of the Lieutenant Governor in having published those charges. These papers his Honour has forwarded to the President in Council, without passing any orders thereon, because Mr. Tayler requested that they should be submitted for the consideration of the Government of India, and because they are obviously intended as an appeal from the Lieutenant Governor's proceedings.

2. These reasons, I am directed to observe, are not sufficient, in the opinion of the President in Council, to prevent the Honourable the Lieutenant Governor from dealing with Mr. Tayler's letters; because, whatever Mr. Tayler's intention may have been in writing them, he has no right to pass over his own Government, nor is it at all expedient that he should be allowed to do so; and though one of his letters contains a remonstrance against the Lieutenant Governor's act in publishing Mr. Samuells' letter, as well as a complaint against Mr. Samuell's for writing it, yet as no orders have been passed by the Lieutenant Governor upon that remonstrance, there is no appeal against any decision of the Lieutenant Governor which would make Mr. Tayler's remonstrance a fit subject for the revising authority of the Government of India.

3. So

3. So far as Mr. Tayler alludes in his present letters to his case which has already been decided by the Governor General in Council, these letters require no notice, but so far as they contain fresh matter of remonstrance and complaint, they should be disposed of, at any rate in the first instance, by the local Government. If the Lieutenant Governor were to admit and to remedy, as far as possible, that against which Mr. Tayler now for the first time remonstrates, and were to think it proper to take in regard to Mr. Samuells' charges, a course which would be satisfactory to Mr. Tayler, the case would probably never come up for review in appeal at all. Otherwise, if pushed to appeal, the points for review would probably come out clearly, and the Government of India would have the benefit of the Lieutenant Governor's remarks and explanations on the whole question.

4. In short, I am directed to observe that the Lieutenant Governor, who has never before seen this remonstrance and complaint of Mr. Tayler's, should pass orders upon it, exactly as he would do in the case of a remonstrance and complaint from any other officer under him coming before him for the first time. His Honour's orders, it is presumable, will meet the full justice of the case, and should they appear to the party interested not to do so, it will then be time enough to call for the interference of the Government of India.

5. With reference, however, to Mr. Tayler's assertion that the Lieutenant Governor has published Mr. Samuells' letter to the world, and sent the book, or collection of papers with which it is printed, to the editors of the public newspapers, I am directed to inquire whether this is the case or not, and if it be the case, why the Lieutenant Governor adopted so unusual a course with a document in which very serious charges are made against a public officer who had had no opportunity of defending himself against them. The Lieutenant Governor will remember that the publication of Mr. Tayler's "Brief Narrative of Events" had been severely censured by the Governor General in Council, and that the Resolution of the 23rd November 1855 (the terms of which were brought prominently to his Honour's notice in connection with the Police Minute of the 30th April 1856), prohibits the publication of documents relating to matters on which the public have no direct concern, or to subjects still under discussion.

6. With reference to the remarks contained in the fourth paragraph of your letter under acknowledgment, I am directed to observe that, in the opinion of the President in Council, the Government would lay itself open to reproach if it were to allow Mr. Tayler to continue to act as a Civil and Sessions Judge, with such serious charges hanging over him as those preferred by Mr. Samuells in respect to the proceedings on the trials of Peer Ali Khan and others, without taking any means for compelling his accuser either to substantiate the charges or to withdraw them. For this reason I am desired to request that the Lieutenant Governor, who has himself examined the original records of these trials, will determine (after making further inquiry from Mr. Samuells if his Honour should consider it necessary) whether Mr. Samuells' charges are groundless, or whether they are supported by evidence enough to render further inquiry necessary, not into the judgments themselves, but into the conduct and character of the judge. In the former case, the Lieutenant Governor should pass such orders in regard both to Mr. Samuells and Mr. Tayler as the occasion may seem to his Honour to demand. In the latter case, the proper course would be to refer the matter to the Judges of the Sudder Court, as the head of the Judicial Department, for inquiry and report.

7. If a reference of this kind be made to the judges, the charges against Mr. Tayler should be distinct and specific, and Mr. Tayler should be allowed an opportunity of defending himself against them. The Court should be reminded that the only questions at issue are as to the judicial character of Mr. Tayler, and the validity of the charges brought against him; and that the record of the trials is to be examined not for the purpose of criticising the judgments on any nice points of law or evidence, but with a view to the decision of the personal questions raised concerning the general fairness of the proceedings at the trials, with proper advertence to the very peculiar circumstances under which they were held.

8. On receipt of the report of the judges, on the supposition that a reference is made to them, the Lieutenant Governor will be in a position to pass final orders on the points at issue between Messrs. Samuells and Tayler, either by absolving Mr. Tayler from all that would disqualify him for judicial employment, and taking such notice of Mr. Samuells' conduct as may seem proper, or by pursuing the opposite alternative to its legitimate conclusion. On this point I am directed to observe, in passing, with reference to the Lieutenant Governor's Minute of the 17th March last, that the orders passed by the Government of India on Mr. Tayler's appeal were not intended to interfere with his Honour's perfect freedom of action on his own responsibility in regard to the future employment of Mr. Tayler, or in regard to any subsequent conduct of that gentleman.

9. But, though the President in Council has thought it necessary to indicate in the preceding paragraphs the course which it would be proper for the Lieutenant Governor to adopt, his Honour in Council entertains a sanguine hope that the record of the trials, when examined dispassionately, and with due regard to the circumstances under which Mr. Tayler acted, will be found not to be such as fairly to expose him to the grave though loose and vague charges which were brought against him in Mr. Samuells' letter. This hope is strengthened by the belief which his Honour in Council confidently entertains, that the Lieutenant Governor would not have appointed Mr. Tayler to a judical office if he had seriously thought that his proceedings on the trial of the accused could fairly bear the construction which in the heat of controversy has been put upon them by Mr. Samuells.

10. Whatever orders the Lieutenant Governor may see fit to issue upon this case, the President in Council trusts that he will not omit to visit with his strongest censure the unofficial, intemperate, and personally offensive language in which Mr. Samuells, and in a lesser degree Mr. Tayler also, have indulged in the course of the controversy.

11. The subject will now be reported on, in continuation of former Despatches, to the Honourable Court of Directors.

MR. WILLIAM TAYLER.

COPIES of MEMORIAL presented to the Duke of *Argyll*, Secretary of State for *India*, on 13th October 1868, by Mr. *William Tayler*, formerly Commissioner of *Patna*; and, of DESPATCH from Government of *India*, enclosing Copy of a LETTER from Mr. *William Tayler* to the Secretary of the Government of *Bengal*, dated 3rd April 1858.

(*Sir Eardley Wilmot.*)

Ordered, by **The House of Commons, *to be Printed*, 22 *July* 1879.**

[*Price* 10 *d.*]

308. *Under* 8 *oz.*

EAST INDIA (MEMORIALS OF CIVIL SERVANTS).

RETURN to an Address of the Honourable The House of Commons, dated 30 April 1879;—*for*,

"COPY of an ORDER by the VICEROY of INDIA in COUNCIL, of the 19th day of October 1876, relating to the Presentation of MEMORIALS and PETITIONS by CIVIL SERVANTS in INDIA."

India Office,
5 May 1879.

EDWARD STANHOPE,
Under Secretary of State.

(No. 1649.)

EXTRACT from the Proceedings of the Government of India in the Home Department (Public), under date Simla, the 19th October 1876.

RESOLUTION.

CERTAIN memorials have recently been presented to the Governor General in Council or to the Secretary of State by various bodies of officers in civil employ, complaining of grievances or desiring boons which affect generally the classes of officers from which these memorials emanated. In some instances the memorials were signed by individuals who could not possibly have been personally affected in the matter which forms the subject of the memorial. Such circumstances give to the proceedings resulting in such memorials an appearance of organised combination, which is impossible, consistently with the maintenance of official discipline and subordination, to allow.

2. His Excellency in Council is accordingly pleased to forbid any combination for the purpose of memorialising any authority to which the memorialists may be subordinate, and to extend to all officers in civil employ in whatsoever Department the following rules in regard to the presentation of memorials:

I.—Every officer wishing to address a memorial to Government shall do so separately, and not in concert with others.

II.—No officer in the employment of Government may submit any memorial in respect to any matter connected with the official position which he occupies in which he is not personally interested, except as the agent of some person or persons unable to act in their own behalf.

III.—No officer in the employment of Government shall submit a printed memorial.

IV.—No memorial shall be submitted in a form set for general adoption, but shall be couched in the memorialist's own words, and in temperate and respectful language.

V.—Any memorial contravening these rules will not be taken into consideration by the authority to which it is submitted, and the officer or officers submitting such memorials will incur the serious displeasure of Government.

10873 4

ORDER.

Ordered,—That this Resolution be circulated to all Local Governments and Administrations, to the several Departments of the Government of India, and to the High Court (by separate letter), the Sanitary Commissioner with the Government of India, the Superintendent of Port Blair and the Nicobars, and the Director General of the Archæological Survey of India, for information and guidance.

(True Extract.)

(signed) *Arthur Howell*,
Officiating Secretary to the Government of India.

EAST INDIA
(MEMORIALS OF CIVIL SERVANTS).

COPY of an ORDER by the VICEROY of INDIA in COUNCIL, of 19 October 1878, relating to the Presentation of MEMORIALS and PETITIONS by CIVIL SERVANTS in INDIA.

(*Mr. Herschell.*)

Ordered, by The House of Commons, *to be Printed*, 10 *June* 1879.

BOMBAY BRANCH
OF THE
Royal Asiatic Society.
CLASS

No. 129 1879

SECRETARIAT OF THE BOMBAY GOVERNMENT

TELEGRAPHIC COMMUNICATION (INDIA).

RETURN

To an Address of the House of Lords, dated 20th May 1879,

FOR

Copies of any Minutes or Memoranda by the Secretary of State for India, or by Members of Council, in 1873, on the subject of Telegraphic Communications with the Government of India.

Minute by the Duke of Argyll.

The despatch of the Government of India recommending a New Retirement Scheme for a certain number of officers of the army, bases that recommendation to a large extent upon financial considerations. It has been necessary to test the financial effects by careful calculations. These have occupied a longer time than I had hoped. The reply which I have thought it right to send out, places the result of those calculations in the possession of the Government of India, and sets forth provisionally for their further consideration certain objections, of which some have already been urged by the Secretary of State in Council. Under these circumstances I consider it to have been a matter of urgency, that before any final decision is taken there should be no further delay in procuring from the Governor General whatever reply he may desire to make to the objections thus explained.

Accordingly I have sent out the despatch without passing it through Council, and thus without imposing on its members the necessity of dealing with so large a subject on data which are as yet incomplete, and within a period of time which would require to be very limited.

December 9th, 1873. (Signed) Argyll.

Minute by Sir Erskine Perry.

The Duke of Argyll has adopted a construction of the Government of India Act on two recent occasions, which in dispensing with the co-operation of Council, very much enlarges the powers of the Secretary of State as exercised by his predecessors and is, I respectfully submit, not warranted by law. 21 & 22 Vict. c. 106.

I have reason to think that my views of the law, which I have twice stated in Council, are recognised by my colleagues as sound.

But if the Secretary of State's interpretation of the law is erroneous, it is not obvious what course is open to the Council. If they sit with their hands folded it is apparent that the precedents thus created may form the commencement of a practice which may end in extinguishing the functions of the Council. But the Council have no legal course open to them for maintaining the rights assigned to them by Parliament. They have no power of initiative. They could not practically speaking lay a case before Counsel nor apply to the Court of Queen's Bench. They have no organ by which to act on public opinion, as the Court of Directors had by their seats in Parliament, and by the communications with the public at the general Courts of Proprietors. They have in certain cases the power of entering their opinions on record, but such opinions are not directed to be laid before Parliament as are those of the Auditor General, when he considers that the revenues of India have been expended contrary to law.

The only course, as it appears to me, which is open to a member of Council, who like myself thinks that the law has been infringed, is to request the Secretary of State to enter his opinion on record, in which case, some day or other, it would probably, though not certainly, be laid before Parliament.

I therefore submit, for the purpose of being recorded, the following opinion; but as a lawyer's views are of little or no value on any point of law except an accurate statement of fact accompanies it, I will set out as precisely as I can the circumstances attending the two cases in which, as I conceive, an infraction of the law has occurred.

I must first state briefly the main objects of the Government of India Act and the particular provisions now in question.

The main object of the Act, as respects the Home Government of India, is to throw the whole responsibility of every act of Government on the Secretary of State; and therefore it places the initiative of business and all final power (except over expenditure) in his hands. The only check upon the Secretary of State is the duty imposed on him by law of consulting his Council.

The exceptions to this duty occur in two cases (1st) on which there is no question now, viz., where the Secretary of State may consider the subject matter of a despatch relates to peace or war, or to negotiations with Native Princes (33 Geo. 3, c. 52), in which case he may send it out, as did the President of the Board of Control, through the Secret Department; and (2ndly) when the Secretary of State is of opinion that the despatch is "urgently required."

The Secretary of State is directed, with the above exceptions, to submit every despatch to Council or to place it in the Council Room for perusal seven days before it is sent; and in order to ensure to the Council an opportunity of giving their opinions on every order or communication sent to India a meeting of the Council is directed to be held once a week at least.

For the convenient transaction of business the Secretary of State is empowered to divide the Council into Committees, which was the course pursued by the Court of Directors, and which for obvious reasons of convenience has been followed by all Secretaries of State.

The course of proceeding is that all draft despatches are discussed in Committee before they are submitted to Council.

On this general statement of the law and of the practice in this office, it will be easy to understand the objections which have been raised, first to the sending of a despatch to India on the 12th December last under the "urgency" clause, and second to the despatch sent by telegram on the 18th December.

In the first case the despatch of 12th December was a reply to a despatch from the Governor General in Council, which had been lying in the office for five months, vizt., since the 8th July. Lord Northbrook had proposed an important scheme for improvements in the military establishment, and during the five months in question various members of Council had inquired when the question was coming on for discussion. The reply was that his Grace had not as yet submitted it to the Council or to the Military Committee, and undoubtedly it was a subject requiring many minute calculations which would require time in the Department.

On return to London from Scotland at the end of October last, the Duke of Argyll met the Military Committee and discussed with them a departmental draft in reply to Lord Northbrook's despatch, which he had laid before them, and not meeting with their concurrence he determined on the advice of Mr. Merivale to treat the draft as "urgent," and to send it to India as a despatch, without submitting it to Council.

21 & 22 Vict. c. 106. It is submitted that this was illegal. Section 24 lays down generally that *every* order or communication to India shall either be submitted to Council, or be placed in the Council Room during seven days before it is sent.

Section 26 *provides* that where the Secretary of State is of opinion that a despatch is urgently required he may, except in cases where the concurrence of a majority is requisite, send it out to India without submitting it to Council or placing it in the Council Room for seven days previously.

It is submitted that the only rational interpretation of this proviso is that the extraordinary power of the Secretary of State does not arise unless there is not sufficient time to consult Council. Any other construction would allow important despatches to be kept back so long that even the seven days delay specified by law would be injurious to the public interests.

In the second case His Grace sent a telegraphic communication from Scotland to the Governor General through the Revenue Committee of which I am a member. This telegram contained, in the opinion of the majority of the Committee, criticism of Lord Northbrook's proceedings as to the famine and injunctions as to the larger purchases of grain than his Lordship deemed necessary, both of which passages the Committee desired to omit. But on reference to his Grace he adhered to his original telegram, whereupon

it was objected that such a communication to India ought to be laid before Council, whom the Secretary of State might overrule if their objections seemed to him of no weight.

It is contended, however, and Mr. Merivale is of opinion, that telegraphic communications do not come within the words "orders or communications to India" contained in paragraph 24.

I cannot agree in this view, which appears to me to conflict both with the spirit and the letter of the Act. It is obvious that an order or a communication may be conveyed equally well by a telegram or by a formal despatch.

Where the Secretary of State has the clear power of sending an order or communication without consulting Council as in preparations for war, he would in nearly all cases, send it out by telegram.

The law also makes the matter still clearer, for after providing that the Secretary of State shall submit all communications to India to his Council, it enables him to make any communication he choses in the *United Kingdom* without consulting them.

The telegram in question however not only ought to have been submitted to Council, but it was one of those which required a concurrence of the majority present, as it involved a charge on the revenues of India.

I will only add two general remarks:—

1. The delay imposed by law on the sending out despatches of importance is only nominal where time is "urgent," because a day's notice will obtain a full attendance of Council, half an hour's notice in business hours will usually procure the attendance of a majority.

2. As a legal member of Council I have never applied myself to technical and hair-splitting constructions of the Act of Parliament, and have never endeavoured to extend the powers of Council beyond the limits assigned to them by law. My protest now is founded on the belief that it is for the benefit of India that those powers should continue intact.

December 26th, 1873. (Signed) E. Perry.

P.S.—I have not stated in the above note what I firmly believe, that the Duke of Argyll in sending out a despatch under the "urgency" clause, adopted this course merely to save time, and from no desire to set aside the co-operation of Council. But as this is the first exercise of the power in question, and I believe it to be illegal, I have thought it desirable to record my opinion.

Minute by the Duke of Argyll.

Act 21 & 22 Vict. cap. 106, for the Government of India.

In the principal statute, which regulates the powers of the Secretary of State for India with reference to his Council, there is a separate and special clause (26) giving to him the power of sending out to India any order or communication without previously consulting Council, if he considers it a matter of urgency to do so.

The same clause further provides that in the event of his exercising this power, the Secretary of State is to record his reasons for so doing, and to give a notice to every member of Council.

The statute does not direct that the order or communication itself shall be put into the hands of the Members of Council, but only a notice of the reasons which have induced the Secretary of State to send it; nor does it provide that even this notice shall be communicated to the Council as a body. The statute, therefore, does not appear to contemplate that the Councillors should express any judgment on the course taken by the Secretary of State, inasmuch as obviously the complete materials required for forming such a judgment are not placed in their hands.

No provision is made that any step in the transaction should be recorded among the proceedings of Council.

Under these circumstances it appears to me that it is irregular for any Member of Council to record any opinion on a matter which the law has so clearly placed in the hands of the Secretary of State on his responsibility as Minister of the Crown.

I state this opinion in order that the present case may not be regarded as establishing any rule or constituting any precedent. But I am so unwilling even to appear to silence or suppress discussion that I have consented formally to record my notice of reasons in order to allow Sir E. Perry's opinion to be appended.

He appears to think that if the despatch which I sent out on December 1, 1873, can be sent out under the "urgency" clause, anything can be sent out under it.

I am of opinion on the contrary, that if this despatch could not be sent out under that clause nothing can be sent out under it.

I was carefully advised of the perfect legality and competence of the course by the late Mr. Herman Merivale, whose sound and most dispassionate judgment on such questions very rarely erred.

Several circumstances make this case a very light, and almost a merely formal exercise of the power given by law to the Secretary of State. In the first place it was a despatch not making any final decision, but stating objections with a view to elicit a reply. In the second place the objections so stated were substantially the same in kind with those which had already, and quite recently, determined the action of the Secretary of State in Council and had received the unanimous support of their combined authority. Lastly, it concerns a subject affecting deeply the personal interests of officers of the army, and as the general fact has become known that some fresh proposals have been made by the Government of India, the service is kept in a state of unsettlement, if not of agitation, which is injurious to the public interests.

It was most desirable, therefore, that as little further delay as possible should arise in procuring from the Government of India a more adequate consideration of the objections to be overcome, and a more complete exposition of their own scheme than they had yet afforded to us.

Farther consultation with the Council as a body on all the details involved would have necessitated a farther delay of at least a fortnight.

The members of the Military Committee were fully consulted on the Despatch, and alterations made in it at their suggestion. The Chairman proposed that it should be sent out only in the form of a Memorandum by the Military Secretary; but this would have been unusual, if not unprecedented, and would not have been calculated to secure equal attention from the Government of India. Moreover, it would have been an evasion of the responsibility properly attaching to the Secretary of State.

As regards the separate question raised irregularly by Sir E. Perry on the subject of telegrams, I can only say that hitherto the Secretary of State has always communicated with the Viceroy by telegraph as freely as by private letter. It is absolutely necessary that this freedom should continue.

It is true, indeed, that neither the telegraph nor the post should be used to avoid the advice or opinion of Council, but so far as I know they have never been so used.

As a matter of mere abstract argument, however, there is the same possibility of abuse in the one method of communication as the other.

In the present case I used the telegraph to express a doubt and a desire for information upon a matter in respect to which I was under the deepest responsibility which could affect the Minister of the Crown, namely, the adequacy of the purchases of food by the Government of India for meeting an apprehended famine.

The position of the Secretary of State would be wholly intolerable if on such a matter he could be prevented from sending such a telegram by the Members of Council, who being irremovable, are therefore, in a Parliamentary sense, irresponsible.

I am quite sure that Sir E. Perry would not himself contend for such an interpretation of the law, and that even if he thought it theoretically sound, he would never seek to act upon it in such a case.

As a matter of convenience, however, it is quite easy to distinguish between what may be called "*personal*" or conversational telegrams from the Secretary of State and official telegrams from the "Secretary of State in Council."

I see no objection to such a distinction being marked and adopted as a rule.

February 16th, 1874. (Signed) ARGYLL.

MINUTE by SIR HENRY MAINE.

As the points raised in Sir Erskine Perry's Memorandum are of a purely legal nature, it seems desirable that I should state the opinion, which I have formed upon them, whatever becomes of the paper in which they are set forth.

I agree with the Duke of Argyll that the Secretary of State is made by Stat. 21 & 22 Vict. c. 106, the sole judge of the propriety of acting upon the powers conferred on him

by section 26—the "urgency" clause. I think that the Members of Council are bound to accept the reasons which he records, and of which he gives notice to them, as conclusive; and that there is no power of questioning their sufficiency.

But though the statute provides no remedy against an abuse of these powers, I am certainly of opinion that the intention of the Legislature was to give them only where there was "urgency" in point of *time.* I may observe that clause 26 does not confer this exceptional authority where the Secretary of State thinks it "matter of urgency" to send out an order or communication to India without previously consulting the Council, which is the way in which the Duke of Argyll quotes the clause, nor again when "he is of opinion that a despatch is urgently required," which is Sir E. Perry's quotation. The power arises when "it appears to the Secretary of State that the *despatch* of any communication is urgently required," "despatch" being apparently used in the sense of "sending out." The wording of the clause seems to me to indicate pretty clearly that "urgency" in point of time is the urgency contemplated, and not the urgency which is synonymous with strong necessity. There is considerable antecedent improbability that the more important is an order or communication, the greater is the facility given by the statute for withdrawing it from the cognisance of the Council.

The clauses of the statute which declare the powers of the Council are by no means free from ambiguity, but on the whole I have come to the conclusion that section 24 explains section 26. The first of these clauses provides that every order or communication intended to be sent to India must be either submitted to a meeting of the Council or must be placed in the Council room for seven days, during which period the members of the Council may record their opinion on the proposed communication or order. In practice, the first of these courses is adopted with regard to nearly all business, and with regard to all that is important; but the statute seems to have intended that the two methods of proceeding should be alternative, and that the deposit of proposed orders in the Council Room (which is now resorted to only in the case of unimportant drafts) should be a course just as often followed as the submission to Council. It appears to me that section 26 contemplates the adoption of the second of the alternatives presented by section 24, and that the effect of section 26 is merely to relieve the Secretary of State from the necessity of waiting during the seven days mentioned in section 24. Thus, in the words which are found in section 26 "Notwithstanding the same may not have been . . . deposited for seven days as aforesaid," I take the emphasis to be on the word *seven.* I do not think that the Secretary of State is absolved from the obligation of causing the draft to be placed in the Council Room, nor do I think that the power of recording opinions on it (though not on the question of urgency) is intended to be taken away.

The above view is chiefly founded on a difference in the wording of section 26 and section 27. The powers conferred by section 26 arise notwithstanding the (order or communication) may not have been *deposited for seven days as aforesaid.*

But section 27, which refers to orders and communications of the kind once sent through the Secret Committee, and which was certainly intended to oust the Council from all participation in them, is drawn in different language. It provides that an order may be sent to India without having been *deposited for the perusal of the Members of Council.*

I am disposed to infer from this difference of expression that orders and communications sent not under the "secret," but under the "urgency" clause, were not intended to be withdrawn from the "perusal" of the Members of Council.

The ambiguity of the statute is so manifest that no very confident opinion can be expressed on the point I have been discussing. But I must frankly say that I can see no room whatever for doubt on the question of telegraphic communications; surely it cannot be seriously contended that an improvement in the method or medium of communication excuses from compliance with the legal rules which govern the communication itself! If the statute before us had been passed before the opening up of the overland passage, would the new route have affected the operation of the law? would the substitution of steamships for sailing vessels have affected it? I cannot help thinking that Mr. Merivale, to whom I have heard the opinion attributed that telegraphic communications were not within the Act, must have referred only to unofficial communications, *i.e.*, to telegrams communicating the personal opinion of the Secretary of State, and not conveying an order. Such telegrams seem to me perfectly legal though not seen by the Council. No doubt it would be better if, as the Duke of Argyll has suggested, the unofficial character of telegrams were indicated in some special way. I have some recollection that, in my time, the Government of India treated all telegrams indiscriminately as official.

I may be allowed to say that it is very desirable these points should be authoritatively settled, now that they have been once raised. One is never quite sure what may be the effect of errors of procedure on the legality of orders given by the Home Government of India.

February 21st, 1874. (Signed) H. S. MAINE.

India Office, 26th May 1879. } LOUIS MALLET, Under Secretary of State for India.

TELEGRAPHIC COMMUNICATION (INDIA).

RETURN

To an Address of the HOUSE OF LORDS, dated 20th May 1879;

FOR

COPIES of any MINUTES or MEMORANDA by the SECRETARY OF STATE FOR INDIA, or by MEMBERS OF COUNCIL, in 1873, on the subject of TELEGRAPHIC COMMUNICATIONS with the GOVERNMENT OF INDIA.

(*The Lord Sundridge.*)

Ordered to be printed 13th June 1879.

(106.) *Under* 1 *oz.*

BOMBAY BRANCH

EAST INDIA (COUNCIL OF INDIA).

RETURN to an Address of the Honourable The House of Commons, dated 17 June 1879;—*for*,

"COPIES of the MINUTE by Members of the Council of the Governor General of India on the DESPATCH of the Secretary of State, dated the 11th day of November 1875, and referred to in the DESPATCH of the Government of India, dated the 17th day of March 1876:"

"And of the MEMORANDUM of Sir *Henry Sumner Maine*, dated the 25th day of April 1876."

India Office, 19 June 1879.

EDWARD STANHOPE,
Under Secretary of State for India.

(No. 19 of 1876.)

Government of India.—Home Department.—Public.

To the Most Honourable the Marquis of *Salisbury*, Her Majesty's Secretary of State for India.

My Lord Marquis. Fort William, 31 March 1876.

WITH reference to our Despatch, No. 9 (Public),* dated the 17th instant, we have now the honour to forward the Minute promised in the concluding paragraph of that Despatch.

We have, &c.
(signed) *Northbrook.*
H. W. Norman.
A. Hobhouse.
E. C. Bayley.
W. Muir.
A. J. Arbuthnot.
A. Clarke.

MINUTE to follow DESPATCH No. 9 of 17th March 1876.

1. WE, the undersigned members of the Governor General's Council, wish to subjoin this Minute to the above-mentioned Despatch, because we think that the arguments there drawn from usage, precedent, and expediency are much strengthened by comparison with the actual state of the written law as it is to be found on the face of the Statute Book.

2. We quite agree that in constitutional matters the letter of a written law is not so important as broad unwritten principles evidenced by recognised usage. We should be prepared to admit that in the case now under discussion the usage has not sprung from the Statutes, but that the Statutes have been framed with reference to prior usage, or perhaps we may say to the necessities of the case. But it seems to us a matter of great importance that when Parliament has been called upon to devise machinery for making laws in India, it has, not once only, but several times, and after much discussion, given the power of making laws either to the Local Executive Government of India, or to that Government combined with certain extraneous elements of Indian Society, subject always to the veto of the Crown. This constitution should, it seems to us, be left to work

* Already published in Command Paper East India (Customs Tariff), c. 1515 of 1876, page 26.

work freely, as it was designed by its framers, and as it has been worked hitherto.

3. By the term "constitution" we simply mean to express the scheme of Government laid down by Parliament, and alterable by Parliament from time to time whenever it considers that the interests of India require it; and by an unconstitutional, as distinguished from an illegal, measure we should mean one which, though not forbidden by the letter of the law, so exaggerates one integral part of a complex system as to reduce some other integral part to insignificance, or to prevent the whole from working as designed. All arrangements on a large scale embrace different principles, which, if pushed to extremes, are destructive of one another, and the working of which must be controlled by reference to the object of the whole, as found in written documents or in usage and precedent. To apply these generalities to the present instance, we should say that if the power of veto, or that of general superintendence and control, were used so as to draw up the whole legislative action into the hands of the Secretary of State, it would be used in an unconstitutional manner.

4. We wish to avoid misconception by saying at the outset that we fully recognise that the ultimate control and direction of Indian affairs rest and ought to rest with Her Majesty's Government, and that it is absolutely essential to the welfare of India that it should be so. What we have to point out is, in the first place, that Parliament has made certain arrangements which, while fully providing for that control and direction, distribute the functions of Government in respect to legislation so that the initiative rests with the Authorities in India, while the power of veto rests with the Secretary of State as the responsible adviser of the Crown; in the second place, that the unwritten law or practice of this Government has been in accordance with the written one.

5. We will now state briefly the manner in which it has pleased Parliament to apportion the function of making laws; and it is hardly necessary to travel further back than the Indian Councils Act, 1861.

6. In the first place, by Sections 22 and 23, the Governor General in Council is invested with power to make laws on all subjects except those which are expressly excepted. For this purpose Sections 10 to 18 establish a special Council, and make provision for the conduct of its business. By Section 19 the responsibility for allowing the introduction of various measures of great political importance is placed upon the Governor General. By Section 20 the Governor General has the power to assent to a measure passed by the Legislative Council, or to dissent from it, or to reserve it for the pleasure of the Crown. If he assents, it becomes law at once. By Section 21 it is provided that, if the Governor General assents to a law he shall transmit an authentic copy to the Secretary of State, and then that it shall be lawful for the Crown to signify the disallowance of the law through the Secretary of State in Council. In the case of Provincial Councils there are analogous provisions, but with this difference, that the assent of the Governor does not erect a Provincial Bill into law; it has to go to the Governor General, and is not law until he assents to it.

7. It seems to us to be clear that this is a scheme throwing primarily upon the Indian authorities the duty and responsibility of devising and framing such measures as they think proper, and reserving to the Secretary of State, as the responsible Minister of the Crown, the duty of considering those measures as a whole, and the responsibility of deciding as a whole whether they shall be disallowed or not. If Parliament had intended to provide for the interposition of the Secretary of State at an earlier stage as an ordinary operation, it may be assumed that some provision would have been made in the Councils Act for the purpose. But while no provision is contained in the Act for the interposition of the Secretary of State during the progress of a measure, there is nothing to prevent the Government of India from seeking the advice or instructions of the Secretary of State, or the Secretary of State from giving them, asked or unasked, if he thinks fit; provided always that neither of the parties thereby debar themselves from using their free judgment in discharging the duties which the Act ot Parliament throws upon them.

8. This

8. This view appears to be in accordance with the Secretary of State's opinion as expressed in the 4th para. of the Despatch No. 33 (Legislative) of the 15th of October 1874, which runs as follows:—

> The object of the instructions which I have given to your Excellency on this subject is not to fetter the discretion which the law has vested in the various legislative authorities of India, nor in any case to renounce on behalf of the Crown the power of disallowance which belongs to it. I therefore think it desirable to add that the mere fact of my not having replied to a Despatch explaining to me the policy of any intended legislation is not to be regarded as necessarily implying on the part of Her Majesty a final approval of such legislation. Considerations may arise in particular cases which may make it expedient to defer the expression of my opinion until the period at which the measure is sent to England for the assent or disallowance of the Crown.

And this is the sense which we attached to the instructions of the 31st of March until we read the Despatch of the 11th of November, which appears to us to place upon them a very different construction.

9. Is there, then, any unexpressed intention of Parliament derogating from the apparent freedom of devising and framing laws which is given to the Councils of India? If so, the intention must be sought for either in the frame of the Indian Legislative Councils themselves, or in their history and the recognised mode of conducting business, or collected from something contained in the discussions of Parliament, or in the utterances of the statesmen concerned in framing the Statutes.

10. The form of the Legislative Councils appears to us to bear strongly in the other direction. It is true that in theory, and by a sort of fiction, there is supposed to be only one Council which contracts or dilates according as the business before it is executive or legislative. In reality there are two Councils with very marked differences in their mode of doing business; and the fact is as usual more important than the theory. The Legislative Council of India consists of the seven or eight Members of the Executive Government, and of other persons from six to 12 in number. Of the latter it is expressly provided that not less than half shall be strictly non-official persons. The other additional Members may be officials, but they are not otherwise connected with the Executive Council, and have in practice been accustomed to take an independent course. Again, the business in the Legislative Council is conducted in public, and according to the forms common to European deliberative assemblies. This very great alteration in the mode of doing business was effected in the year 1853. Previously to that year the Legislative Council consisted only of the Executive Government with the addition of a Law Member. In 1853 its bounds were substantially enlarged, and it received certain external and *quasi*-representative elements. It was doubtless felt that the privacy with which up to that time all proceedings were conducted was inconsistent with the enlarged basis of the Council. The Act of 1861, which, while the element of representation was eliminated, introduced for the first time non-official Members into the Council, and thus enlarged the basis still further, must be taken as recognising the value of publicity, a fact which was much impressed on the Houses of Parliament when the Act was being discussed.

11. With respect to extraneous evidence of the intentions of Parliament, it is very significant that Sir Charles Wood, who was the author of the Act, and who accompanied it with a very elaborate letter of instructions to this Government, says not a single word about the propriety of communicating with the Secretary of State previously to or during legislation, neither does he indicate that it was intended that the initiation of legislation in India should rest with the Secretary of State, which must be the tendency of the new rules applied in the manner which is now shown to be contemplated. In the debates the great difference effected by the element of publicity is dwelt on by several speakers, who, whether they think it a good thing or a bad one, treat it as of much importance. In particular it is said by Sir C. Wood that whether expedient or not, "it is quite impossible to revert to a state of things in which the Executive Government alone legislated for the country." We cannot help thinking that it might have given a different turn to the deliberations of Parliament if the Houses had understood that the Legislative Council which they were constituting might be made to serve as a means through which the Secretary of State could

Despatch (Legislative) No. 14 of the 9th August 1861.

could enact laws which were devised entirely in England, which had never been the subject of deliberation in India, and which were contrary to the convictions of the persons supposed to be immediately responsible for the government of the country.

12. The Despatch of the 31st March 1874 refers to a correspondence which took place in the year 1870 between the Government of India and the Secretary of State respecting the powers of the Legislative Council, and states that the question then raised is not raised by the new rules. But reading those rules with the light now thrown on them, we think that the Secretary of State proposes to direct and control the legislation of the Governor General in Council to an extent far beyond the intentions of the Duke of Argyll.

13. In that correspondence the Duke of Argyll asserted the principle that the "final control and direction of the affairs of India rest with the Home Government, and not with the authorities appointed and established under Parliamentary enactment in India itself"; but, he added, the qualification that he did not intend to apply that principle to matters of ordinary procedure, and that it "must indeed be used with great deliberation and on the rarest occasions." To the principle so stated the Government of India assented, and so do we. They objected that the principle did not authorise the particular order given; and circumstances having rendered it unnecessary to decide that controversy, the order was not pressed.

14. So in a Legislative Despatch, dated 31st March 1865, No. 12, Sir C. Wood laid down in strong and general terms the supremacy of Her Majesty's Government. On that occasion he had desired the withdrawal or suspension of a pending measure. That seemed to the Government of India to be a departure from the Parliamentary constitution. Sir C. Wood showed that the final supremacy of the Home Government must always be allowed for, and that in the particular case he was only exercising at the most convenient time the veto which he could undoubtedly exercise at last. He further stated that he had always abstained from giving any direction to the Government of India as to their proceedings in the Legislative Council, that he had confined himself to suggesting the course he thought desirable, and that it seemed to him that such a course was altogether unobjectionable.

15. We certainly should think it no part of the duty of the Government of India to send up to the Secretary of State a measure which it is known from him beforehand that he will advise the Crown to disallow. There may be circumstances of supreme necessity (though we do not know that they have ever occurred) in which it would be the duty of the Secretary of State to determine on the immediate passing of a law, and to issue instructions accordingly, which the Government of India should do all in their power to carry into effect. But neither of these things nor both combined seem to us to constitute any reason why under ordinary circumstances the constitution thought best for India by Parliament should not be left to work.

16. The Government of India has now been ordered to pass a law upon which there has been no previous deliberation with it, which has been devised entirely in England, and with regard to which it can hardly be alleged that there is necessity for sudden intervention or haste. And in connection with that order the rules of March 1874 have been applied and supplemented in a way which can only be intended to facilitate the interposition of the Secretary of State not on rare occasions alone, but in all legislation unless of the most trifling description.

17. What has happened is this: the Secretary of State has formed the opinion that it would be desirable to abolish the import duty on cotton manufactures. That opinion was expressed in the Despatch of the 15th of July last, which was not received by the Government of India until after passing of the recent Tariff Act. Whatever deliberation may have taken place in England, no communication had previously passed with the Government of India, excepting that certain memorials were sent for our consideration, and that his Lordship had been informed in reply that a Committee had been appointed in Calcutta to report upon the subject. Afterwards, when the Secretary of State had received

received the report of that Committee, and the particulars of the changes made by the new tariff in August, communications passed by telegraph with his Lordship, from which the Government of India understood that Sir Lewis Mallet would come to India in order to discuss the whole question. But before Sir Louis Mallet arrived at Calcutta there came the Despatch of the 11th of November last, from which, coupled with Sir Louis Mallet's letter of the 10th of January 1876, it appeared that the only question which the Government of India were invited to discuss was the "mode of giving effect to Lord Salisbury's wishes." Upon the substance of the measure it would seem that the opinion of the Government of India was not desired at all. We have lately read in the public papers that his Lordship has publicly stated that the Government of India have been instructed to remove the duties in question.

See Appendix.

18. We do not think that it could have been contemplated by the framers of the Indian Councils Act that the somewhat elaborate machinery they were constructing should be applied in this way by the Secretary of State.

19. The Secretary of State has referred to the Indian Legislature as being under the "direct control" of Her Majesty's Government; and in the instructions we received to make provision for the entire removal of the import duty on cotton manufactures within a fixed term of years, no distinction is drawn between such legislation and any ordinary executive act of the Government. Indeed, in the Despatch of the 31st of March 1874, his Lordship appears to treat it as something of small moment, often quite accidental, whether a measure is of an executive or of a legislative character. No doubt of some things it may be said that it is an accident whether they are executive or legislative measures. But the distinction, whatever argument may be drawn from it, is generally a broad one. And, broad or narrow, it is one that has from the first pervaded Indian constitutional law. For example, when the Governor General received power to act adversely to his Council, the power was carefully limited to executive measures; it was not to extend to judicial matters, to general regulations, or the imposition of taxes. Again, when the Governor General in Council received power to alter by proclamation the limits of Presidencies, it was carefully provided that no law in force in any place so severed from a Presidency should be affected except by a new law. But we need not multiply instances when the whole Councils Act, from beginning to end, is founded on the essential difference between the two kinds of operations,—a difference which appears to us to lie at the bottom of all orderly government.

33 Geo. 3, c. 52, s. 51.

24 & 25 Vict. c. 67, s. 47.

20. It is true that the Indian Legislative Council is not a representative body, but none the less is it a body to which the British Parliament has committed the function of making laws for India, thereby removing India from the number of those Dependencies of the Crown where laws can be made by the simple exercise of the prerogative. It is a body which is removed from contact with English politics and social influences, which knows much of the facts of Indian life and of the feelings and wants of the community it serves, and which is the first to feel the consequences of any error in administration. It conducts its business in public, and is bound to assign reasonable grounds for all that it does or proposes to do. It is composed partly of persons who are entirely disconnected with the Executive Government, and partly again of persons who are officials, but have no other connection with the Supreme Government of India.

21. The difference of constitution between the Indian Legislature and those of the Colonies with representative assemblies lies in this, that in India the official element overweighs every other. The Governor General and the Members of the Executive Council are appointed by the Crown, and additional Members are appointed by the Governor General. All official Members may be removed at the pleasure of the Crown. Owing to these arrangements an enormous amount of power accrues to the Government, which cannot accrue to it where there is popular representation. The Government can always pass into law a measure on which they continue to be agreed, although it may be delayed for a time owing to the composition of the Council when the measure is first contemplated. For matters of urgency a power of making ordinances is vested in the Governor General, by which any obstruction arising from the composition of the Council may be avoided. We are not aware, however, that any such obstruction has ever been experienced upon critical occasions.

 22. The

22. The existence of these great powers preserves to Her Majesty's Government the most ample control and direction over the legislation of India. But their existence does not appear to us to constitute any just ground for not observing the rest of the Parliamentary scheme, or except under the pressure of necessity for directing the Government of India to pass a law on which they have never been consulted, and of which they cannot conscientiously give reasons in the Legislative Council why it should be passed. The necessity for assigning reasons in the truth of which the speaker must believe, and which can stand the brunt of public discussion, was, as we believe, intended to secure, and it certainly does secure, careful consideration for laws either before they are propounded or during their progress. It constitutes a substantial check on undue haste in passing laws. We believe that the check was intended, as it certainly was created, by Parliament, and we conceive that it should only be removed by Parliament. It is more than a hundred years since legislative power was first conferred on the Local Government of Bengal. It is more than 20 years since the kind of arrangement which now subsists was established by Parliament. That arrangement was re-affirmed some 15 years ago, when non-official Members were added to the Council, and so we conceive it should remain until Parliament sees fit to alter it again.

23. We think that one of the main topics insisted on in the Despatch of 11th November 1875, is such as to illustrate strongly the importance of the considerations dwelt on in this Minute. We refer to those passages in which the pressure exerted by certain powerful classes in England is brought directly to bear on the Government of India, and is urged upon us as a motive for conceding what they ask, lest some greater demands should be made at a future time.

24. In para. 10 the Despatch says that the obnoxious duty places the manufacturers of England and those of India in a position of political hostility to each other; and in subsequent passages it puts forward "the claims of the English manufacturers" in order to propose that they shall be satisfied by the abolition of the duty on cotton manufactures. And all this must be taken in connection with what is said in para. 9, where the Despatch speaks of the duty on manufactures thus: "On general principle it is liable to objection as impeding the "importation of an article of first necessity, and as tending to operate as a "protective duty in favour of the Native manufacturer. It is thus inconsistent "with the policy which Parliament, after very mature deliberation, has sanc-"tioned, and which on that account it is not open to Her Majesty's Government "to allow to be set aside without special cause in any part of the Empire under "their direct control."

25. We think it our duty to submit our earnest protest against the principle that the taxation of India is to be regulated under pressure from powerful classes in England, whose private interests may not be the interests of India, and with regard to principles established in England and for England, and without ascertaining by communication with the responsible Government in India the political or financial bearing of the measure or the views and sentiments of our Indian subjects.

26. In the first place we cannot consider that a duty imposed for the benefit of India gives the English manufacturer any claim for compensation. The duty lately imposed on raw cotton is not intended as a recognition of any such claim, but as a safeguard of the duty on manufactures. We deny that the English manufacturer has any more claim to regulate Indian taxation for his own interests than any other manufacturer has. He has a claim to be heard by the Government of any country to which he carries his wares. Any representations made by him ought to be received with respect and considered with care. Any arrangements which will benefit him and will not injure India may properly be made. But all this is true of the French manufacturer, who has lately urged the Government of India to lower the duties on wine. Admitting fully that parties who have private interests, but are in no ways concerned with the welfare of India, should be listened to, we hold that the decision ought to go according to the interests of India. If the English manufacturer uses his political power in England to warp the decision in favour of his own private interests, that is not a legitimate process. If it succeeds,

succeeds, it will infallibly bring the Government of this country into odium with the people, and will recoil on us before long. At this moment the suspicions of the natives are strongly excited on this subject, and even the duty imposed on raw cotton was treated throughout the country as a betrayal of Indian interests in favour of English.

27. As regards Imperial policy it has been shown in the Despatch of the 25th of February last that the light duty on cotton goods has no appreciable effect by way of protection, and such was the opinion of the Secretary of State in July last when in his Despatch of the 15th of that month he remarked that "the effect of the five per cent. duty is probably insignificant," and observing that "if it were true that this duty is the means of excluding "English competition and thereby raising the price of a necessary of life to "the vast mass of Indian consumers"—"it would be open to economical "objections of the gravest kind," went on to say that he did "not attribute "to it any such effect." Of course it is not for us to argue with the Secretary of State what is or is not the policy of Her Majesty's Government, nor are we doing so. He knows the fact, and we take it on his information. But it is germane to this discussion to point out that the Government of India have had no previous indication of the policy now announced with respect to the taxation of dependencies, and that it seems to us that full explanation should have been given to the Government of India, and full deliberation with that Government should have taken place before it was decided to issue a positive order directing them to apply that policy to a particular subject-matter.

28. We also think it relevant to remark that if, as argued in the present Despatch, we are right in supposing it to be of the essence of the scheme for the Government of India deliberately settled by Parliament that laws for this country should be passed by a body closely connected with India and to a great extent detached from English politics and social influences, it is essential that the greatest caution should be exercised in bringing those politics and influences to bear upon Indian legislation.

29. We need hardly say that we do not intend any part of the foregoing arguments to militate against all preliminary correspondence or understanding between the Governor General in Council and the Secretary of State, such as has frequently taken place, and which in many cases is obviously most desirable. There are essential differences between rigid orders, such as have been sent with, as it now appears, the express intention of altering the former relations between the Secretary of State and the Governor General in Council, and a voluntary consultation, commenced on either side, in cases which appear to require it. The arrangement made by our law, giving the initiative to one and a veto to another, is not uncommon, and doubtless it is often smoothed by previous communication. Such arrangements may work exceedingly well, and we cannot see that they have worked otherwise than well as between the Governor General in Council and the Secretary of State. But it is essential that such communications should be voluntary, and should leave both parties free to exercise the functions cast upon them by the law.

30. We beg therefore to add the considerations contained in this Minute to the other reasons why the Secretary of State should reconsider the new rules made by him for the conduct of legislation in India.

30 March 1876.

Napier of Magdala.
H. W. Norman.
A. Hobhouse.
E. C. Bayley.
W. Muir.
A. J. Arbuthnot.
A. Clarke.

APPENDIX.

From *R. B. Chapman*, Esq., Secretary to the Government of India, Financial Department, to Sir *Louis Mallet*, C.B., Under Secretary of State for India, on Special Duty in India (No. 96); dated Fort William, the 7th January 1876.

I AM directed to forward to you a copy of the Secretary of State's Legislative Despatch, No. 51, of the 11th November 1875, together with copies of the Despatches noted in the margin, which are referred to in the Despatch of the 11th November.

Despatch (Separate Revenue) No. 6, dated 15th July 1875.
Despatch (Financial) No. 364, dated idem.

With reference to the eighth paragraph of that Despatch, I am to say that the Government will be glad to be informed upon what subjects you desire to confer with them, and to be put in possession of the views which you wish to express, in such manner as may be most convenient to yourself.

I am to add that any information which you may require upon financial or other cognate questions will be placed at your disposal, and that the officers of Government have been instructed to communicate with you freely, and to give you any assistance in their power.

Ordered,—That a copy of this letter be sent to the Military, Revenue, Agriculture and Commerce, and Public Works Departments, for information and guidance, with special reference to the intimation contained in the last paragraph.

From Sir *Louis Mallet*, C.B., to the Secretary to the Government of India, Financial Department, dated the 10th January 1876.

I HAVE the honour to acknowledge the receipt of your letter of the 7th instant, enclosing a copy of a Legislative Despatch of 11th November last, No. 51, from the Secretary of State for India in Council, on the subject of the Customs Tariff Bill of August last, together with copies of former Despatches from the Secretary of State which contain an expression of his views with regard to the import duties on cotton manufactures.

With reference to the eighth paragraph of the Secretary of State's Despatch, dated 11th November last, you add that the Government of India will be glad to be informed upon what subjects I desire to confer with them, and to receive any statements which I wish to make to them, in the manner most convenient to myself.

In requesting you to convey to the Government of India my thanks for this communication, I beg to say that the principal object of my visit to Calcutta is to ascertain how far it may be found practicable to agree with that Government upon a mode of giving effect to Lord Salisbury's wishes with regard to the import duties on cotton manufactures and upon foreign raw cotton.

The passage through the Legislative Council of the Indian Tariff Act of last August before the receipt of Lord Salisbury's Despatch (Separate Revenue), No. 19, of the 15th July, has placed the two Governments in a position of much embarrassment on a subject to which Lord Salisbury attaches great importance, and which has attracted much public attention both in England and India.

Lord Salisbury is extremely reluctant in such a case to adopt any course such as the disallowance of the Act, or an interference from home with the discretion of the Government of India as to the precise method of remedying what he considers as the defects of that measure.

Considering, therefore, the difficulty of arriving at any satisfactory conclusion on a matter involving so many complex and conflicting considerations, the Secretary of State has instructed me to endeavour by personal communication to give and receive explanations on the various questions upon which a difference of opinion or a misunderstanding exists between the Governments, so as to lead, if possible, to a common agreement as to the policy to be pursued within the limits prescribed in his Despatch of the 11th November last.

As my stay in Calcutta cannot be prolonged beyond the middle of February, I venture to suggest that the most convenient manner of communicating Lord Salisbury's views, and discussing the various questions which require consideration, would be at a conference, at which Members of Council and any officers of the Government might be invited to attend; and, if the Governor General in Council concurs in this view, I have only to add that I am entirely at the services of the Government of India for this purpose.

MEMORANDUM

MEMORANDUM by Sir *Henry S. Maine.*

THE joint Minute of the Members of the Governor General's Council, dated 30th March 1876, appears to me to be gravely objectionable, both in point of substance and in point of form.

As regards its substance, I propose to confine my observations to the legal propositions which it lays down, and which appear to me to differ from those advanced by Lord Mayo's Government on 22nd March 1870, and subsequently repudiated by the Duke of Argyll, only in being more formidable and sweeping. The contention of Lord Mayo's Government was, in effect, that when a measure was once submitted to the Council for making Laws and Regulations it could only be controlled by the Secretary of State through the exercise of the ultimate veto. But the Members of Council seem to me to deny that the Secretary of State can lawfully address to the Executive Government of India directions respecting measures not yet submitted to the Legislative Council. They allege (para. 7) that the primary duty of "devising and framing" such measures as they think proper is thrown by law on the "Indian authorities," and they question (paras. 15, 16, and 18) the power of the Secretary of State to give instructions for the introduction of a measure into the Legislature.

The legal doctrine of the Members of Council, as to the immunities of the Legislative Council, is indicated in paras. 2 and 4 of their Minute, but is more explicitly stated in para. 7. After describing in para. 6 the legislative mechanism created by the Indian Councils Act of 1861, they proceed as follows :—"It seems "to us to be clear that this is a scheme throwing primarily upon the Indian "authorities the duty and responsibility of devising and framing such measures "as they think proper, and reserving to the Secretary of State, as the responsible "Minister of the Crown, the duty of considering those measures as a whole, and "the responsibility of deciding as a whole whether they shall be disallowed or "not. If Parliament had intended to provide for the interposition of the "Secretary of State at an earlier stage as an ordinary operation, it may be "assumed that some provision would have been made in the Councils Act for "the purpose. But, while no provision is contained in the Act for the inter-"position of the Secretary of State during the progress of a measure, there is "nothing to prevent the Government of India from seeking the advice or "instructions of the Secretary of State, or the Secretary of State from giving "them, asked or unasked, if he thinks fit; provided always, that neither of the "parties thereby debar themselves from using their free judgment in discharging "the duties which the Act of Parliament throws upon them."

The qualification of this doctrine, implied in the words "as an ordinary operation," has no warrant from the law. So far as mere law is concerned, if the Secretary of State cannot interfere ordinarily, he cannot interfere on extraordinary occasions. The qualifying words have apparently been introduced to meet the fact that the main proposition was strongly denied by Lord Halifax and the Duke of Argyll, and that the Government of India acquiesced in the ruling of these Secretaries of State. There is, however, a fundamental difference between the legal doctrine maintained on these occasions by the India Office and that contended for by the Members of Council. Lord Halifax and the Duke of Argyll asserted a theoretical right to control and direct Indian legislation at all its stages, but they added that, on grounds of policy, this right would be sparingly and cautiously exercised. The Members of Council deny that the Secretary of State has in strictness any right save that of advising Her Majesty to veto an Indian measure, but they say that if he interferes on extraordinary occasions the irregularity may be condoned on the score of urgency or rarity, and that there is nothing to prevent his giving his opinion on Indian measures, "asked or unasked," provided that (for so I understand the concluding words of para. 7) the Government of India is at liberty to adopt or disregard it, as it pleases.

The legal doctrine of the Members of Council appears to me to be untenable. It is exclusively founded on the Indian Councils Act of 1861, and takes no notice

of the fact that this enactment is to be read in connection with such parts of the statute law affecting India as were in force when it was passed, and were not repealed by it or repugnant to it.

The assertion of authority by Lord Halifax and the Duke of Argyll was doubtless justified in their eyes and the eyes of their advisers by the provisions of Statute 3 & 4 Will. 4, c. 85, which is the key of the whole Indian Constitution. Section 80 of that enactment, which is untouched by the Indian Councils Act, makes it a misdemeanour at law in the Governor General, or a Member of Council, or any officer or servant of the Indian Government, wilfully to disobey, or wilfully to omit, forbear, or neglect to execute the orders or instructions of the Court of Directors, whose authority has passed to the Secretary of State. Now, a clear majority of the Council for making Laws and Regulations consists of persons to whom the above provision applies.

It is to be observed, however, that the instructions of Lord Salisbury given in the Despatch of 31st March 1874, and in that of 11th November 1875, do not, from the purely legal point of view, go as far as those of his predecessors. They are addressed to the Executive Government of India, and refer only to measures not yet before the Legislature. The Members of Council appear to me to deny the legality even of these directions, partly by contending (para. 7) that the "devising and framing such measures as they think proper" belongs to the "Indian authorities," and partly by denying (para. 15) that, save "under circumstances of supreme necessity" (another qualification wholly without countenance from the law), the Secretary of State can issue instructions for the immediate passing of a legislative enactment.

It would be difficult to describe the scheme of the Indian Councils Act more inaccurately than as "a scheme throwing primarily upon the Indian authorities "the duty and responsibility of devising and framing such measures as they "think proper." The Act has nothing to do with "devising and framing" measures, and would be much more correctly called an Act providing legislative mechanism by which proposals already "devised and framed" may be clothed with the force of law, and made binding on Courts of Justice. As a matter of fact, the great majority of the measures which the Legislative Council of the Governor General passes are "devised" by the Government of India or the Local Governments, "framed" by the Legislative Department of the Government of India, and introduced by the Law Member of Council, but there is nothing in the law to prevent their being devised, framed, and introduced (subject to certain conditions) by a Calcutta merchant summoned as an additional Member, who hardly falls under the description of an "Indian authority."

It so happens, however, that though the Indian Councils Act says nothing of "devising and framing" measures, the statute law relating to India, which is incorporated with the Councils Act, has a remarkable provision on the subject. Section 28 of Statute 16 & 17 Vict. c. 95, which is still unrepealed, and which was acted upon during 10 years after the passing of the Indian Councils Act, empowers Her Majesty to appoint an Indian Law Commission for the express purpose of "devising and framing" Indian measures, and if the subjects to which the Commissioners are to address themselves are examined by comparing the above section with the older provision in Sections 53 and 54 of 3 & 4 Will. 4, c. 85, it will be seen that these subjects cover nearly the whole field of permanent Indian legislation. So far from these Commissioners being Indian authorities, the majority of them had never been in India during their lives, and after 1853 they held their sittings in London. It would be impossible, as it seems to me, for Parliament to declare with stronger emphasis that it did not commit the "devising and framing" of laws exclusively to the Indian Legislature. It expressly entrusted the most important part of this duty to another authority, and it is well known that the eminent judges and lawyers who constituted the Commission held, not only that the Indian Legislative Council was bound to entertain the measures they had "devised and framed," but that it was bound to pass them unamended.

I cannot find a single line in all the statute law affecting India which denies to the Secretary of State the power of demanding from the Indian Government what

what information he pleases concerning Indian legislation, and criticising the proposals communicated to him if he should think fit. On the other hand, I find much which points with much significance to the opposite conclusion. Parliament, by a provision still in force, has reserved to itself, in language of much distinctness and even solemnity, a "full, complete, and constantly existing right and power" to "control, supersede, and prevent all proceedings and acts "whatsoever of the Governor General in Council, and to repeal and alter at any "time any law and regulations whatsoever made" by him (3 & 4 Will. 4, c. 85, s. 51). How is it possible for Parliament to exercise this power, unless the Minister responsible to it is put in possession of the amplest information from India? It is remarkable that the section ends with a direction that, "the better "to enable Parliament to exercise at all times this right and power," copies of all laws and regulations made by the Governor General in Council shall be laid before Parliament. It seems that the practice was discontinued in 1857. There was no alteration of the law, but I presume that the submission was considered to be no longer necessary when the control of Indian Government was transferred to the hands of a Minister responsible to Parliament.

My impression of the formidable character of the legal doctrine advanced by the Members of Council rests chiefly on their apparent denial, in paras. 15 and 16, of the right of the Secretary of State to direct the Government of India to legislate in a particular way. It is obvious that no Secretary of State would give such instructions to an unwilling Government save on the rarest occasions, but the suggestion in para. 15 that no such instructions have ever been found to be necessary is quite unfounded, as is known to nobody better than to the writer of this paper, who had to frame, introduce, and carry through the Indian Legislature a Bill to abolish the Grand Juries of the Presidency Towns, under express orders from Sir Charles Wood.

It is most desirable that the question of the legality or constitutionality of such instructions should be considered quite apart from the question of the expediency of any particular set of orders. The province of legislation in India is constantly encroaching on the province of executive action. The Government is under a never-ceasing temptation to throw its commands into a legislative form, because they then become binding on Courts of Justice; and no subject once dealt with by the Legislature can again be dealt with otherwise than legislatively. If the Home Government is debarred from giving orders which may incidentally require legislation to give them effect, the orders which it can lawfully give will ever become fewer and fewer. And, in the present case, the power of the Secretary of State to give instructions in a matter in itself entirely administrative,—the reduction of certain Customs duties,—is denied because they cannot be carried out without one of those Bills which have lately been passed at a single sitting.

In the above observations, I have taken no notice of certain arguments of the Members of Council of which I do not fully comprehend the purport. The description of the Indian Legislative Council in para. 21, as distinguished from the Colonial Legislatures by the great preponderance of the official element in it, suggests to my mind exactly the reverse conclusion to that apparently intended. Nor have I attempted to answer such of the arguments of the Minute as derive whatever force they have from considerations of policy rather than of law.

The objections to the form of the joint Minute appear to me to be only less serious than the objections to its substance. The Government of India still retains traces of its original organisation, and is still a Government deciding in the first instance by the vote of a majority, though the Governor General may at once overrule the majority by following a particular procedure. In the present case, not merely a majority, but all the Members of the Government save one, subscribe a paper advancing, as it seems to me, extremely formidable doctrines; but it is impossible to say whether the Governor General has overruled his Council, or has been overruled by them, or concurs with them. I submit that the Secretary of State is entitled to know what formal or official authority belongs to a document setting forth arguments which go far beyond those of the Despatch to which it purports to be an appendage.

The Minutes and Dissents of Members of Council are, of course, familiar to us. They are probably older than any statutory regulation of Indian Government. But they seem to me to be essentially expressions of individual opinion, sometimes giving the reasons of the individual for dissenting from the corporate conclusion, sometimes stating with particularity the reasons which have led an individual mind to concur in that conclusion. But, while a joint Minute by even two Members of Council does not seem to me commendable, a joint Minute by all is indefensible. It is true that one Member of Council frequently writes a Minute and others concur in it, but this practice gives the controlling authority the advantage of knowing to what mind a particular line of argument suggested itself, whereas in the Minute before us there is nothing to show whether its very strong doctrines first occurred to Sir W. Muir, or to Mr. Hobhouse, or to Lord Napier of Magdala. And even in the case of a Minute written by one Member of Council and concurred in by others, we ought to know what the Governor General thinks of it, if they amount to a majority of the Government.

25 April 1876. *H. S. Maine.*

EAST INDIA (COUNCIL OF INDIA).

COPIES of the MINUTE by Members of the Council of the Governor General of India on the Despatch of the Secretary of State, dated 11 November 1875, and referred to in the DESPATCH of the Government of India, dated 17 March 1876; and, of the MEMORANDUM of Sir *Henry Sumner Maine*, dated 25 April 1876.

(*Sir William Harcourt.*)

Ordered, by The House of Commons, *to be Printed,*
20 *June* 1879.

A

B I L L

TO

Authorise the issue of a sum out of the Consolidated Fund by way of loan to the Secretary of State for India. A.D. 1879.

WHEREAS the exigencies of the public service in India render it expedient to grant a temporary advance out of the Consolidated Fund of the United Kingdom to the Government of India:

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1. This Act may be cited as the Indian Advance Act, 1879. Short title.

2. The Treasury may advance during the current financial year to the Government of India any sum or sums not exceeding in the whole *two million pounds*. Temporary advance of 2,000,000*l.* out of Consolidated Fund to Government of India.

Every such advance shall be repaid by the Government of India, without interest, by equal annual instalments within such period, not later than the *thirty-first day of March one thousand eight hundred and eighty-seven*, as may be agreed on between the Treasury and the Government of India.

3. Every advance under this Act shall be charged on and issued out of the Consolidated Fund of the United Kingdom or the growing produce thereof. Issue of advances and application of sums repaid.

Every sum repaid in respect of an advance under this Act shall be paid into the Exchequer, and a sum or sums equivalent thereto shall not later than the end of the quarter of the financial year next after such payment be charged on and issued out of the Consolidated Fund or the growing produce thereof, and paid to the Commissioners for the Reduction of the National Debt, and applied by them as part of the new sinking fund under the Sinking Fund Act, 1875. 38 & 39 Vict. c. 45.

[Bill 201.]

BOMBAY BRANCH
OF THE
Royal Asiatic Society.
CLASS

A.D. 1879.

Accounts.

4. An account of all receipts, payments, and transactions under this Act in every financial year shall be made up in such form and audited by the Comptroller and Auditor General in such manner as the Treasury from time to time direct, and shall be laid before the House of Commons within three months after the end of the said financial year.

Definitions.

5. In this Act, unless the context otherwise require,

The expression "Treasury" means the Commissioners of Her Majesty's Treasury:

The expression "Government of India" means one of Her Majesty's Principal Secretaries of State in the Council of India:

The expression "Comptroller and Auditor General" means the Comptroller General of the Exchequer and Auditor General of Public Accounts, and includes in his absence his deputy:

The expression "financial year" means the twelve months ending on the thirty-first day of March.

East India Loan (Consolidated Fund).

A

B I L L

To authorise the issue of a sum out of the Consolidated Fund by way of loan to the Secretary of State for India.

(*Prepared and brought in by Mr. Raikes, Mr. Edward Stanhope, and Mr. Chancellor of the Exchequer.*)

Ordered, by The House of Commons, *to be Printed*, 9 *June* 1879.

[Bill 201.]

BOMBAY BRANCH

A

B I L L

TO

Make provision for raising the Sum requiredfor the purposes of the Advance authorised by the Indian Advance Act, 1879. A.D. 1879.

Most Gracious Sovereign,

WE, Your Majesty's most dutiful and loyal subjects the Commons of the United Kingdom of Great Britain and Ireland in Parliament assembled, being desirous to provide a sum of two million pounds to be paid out of the Consolidated Fund as an advance to the Government of India in pursuance of the authority given by the Indian Advance Act, 1879, have resolved that the said sum of two million pounds shall be raised in manner herein-after mentioned; and

We do therefore most humbly beseech your Majesty that it may be enacted, and be it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Power for Treasury to raise before the 1st of April 1880 a sum of 2,000,000*l.* for the purpose of the Indian Advance Act, 1879.

1. The Treasury, at any time before the first day of April one thousand eight hundred and eighty, may raise for the purposes of the Indian Advance Act, 1879, any sum or sums not exceeding in the whole two million pounds sterling, by the creation of three pounds per cent. per annum permanent annuities.

Such annuities shall be charged upon the Consolidated Fund, but shall not be paid out of the permanent annual charge for the National Debt.

The annuities shall be created by warrant of the Treasury to the Governor and Company of the Bank of England, directing them to inscribe in their books the amount of such annuities in the names directed by the warrant.

The said annuities shall in manner directed by the warrant be consolidated in the said books with annuities at the same rate of interest and payable at the same date, and shall be transferable in

A.D. 1879.

the said books in like manner as the annuities with which they are consolidated, and shall be subject to the enactments relating to those annuities so far as is consistent with the tenor of those enactments.

Application of moneys raised.

2. All moneys raised in pursuance of this Act shall be paid into the Exchequer.

Short title.

3. This Act may be cited as the East Indian Loan (Annuities) Act, 1879.

East India Loan (Annuities).

A

B I L L

To make provision for raising the Sum required for the purposes of the Advance authorised by the Indian Advance Act, 1879.

(*Prepared and brought in by Mr. Edward Stanhope, Mr. Chancellor of the Exchequer, and Mr. Raikes.*)

Ordered, by The House of Commons, *to be Printed*, 1 *August* 1879.

[Bill 275.]

Under 1 *oz.*

Railways and Telegraphs in India Bill. [H.L.]

[AS AMENDED IN COMMITTEE.]

ARRANGEMENT OF CLAUSES.

Clauses.

1. Interpretation.
2. Power for guaranteed company to enter into working agreements.
3. Power for guaranteed company to make agreements with the Secretary of State as to telegraphs.
4. Additional powers of guaranteed company.
5. Power for Secretary of State to delegate to Governor General right of sanction under this Act.
6. Powers of Act cumulative.
7. Validation of past agreements.
8. Short title.

SCHEDULE.

[Bill 234.] A

A

B I L L

[AS AMENDED IN COMMITTEE]

INTITULED

An Act to enable Guaranteed Railway Companies in India and the Secretary of State for India in Council to enter into Agreements with respect to the working of Railways, and with respect to Telegraphs, and to confer upon those Companies additional powers with respect to their undertakings. A.D. 1879.

BE it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Interpretation.

1. In and for the purposes of this Act,—

The term "guaranteed company" means any of the companies specified in the schedule to this Act, and any railway company which for the time being constructs, maintains, or works a railway under any guarantee from or arrangement with the Secretary of State for India in Council.

The term "railway company" includes any person or body of persons being the owner or lessee of or working a railway, except the East Indian Railway Company, and except any railway company of which the undertaking is after the passing of this Act purchased by the Secretary of State for India in Council.

The term "railway" means a railway constructed before or after the passing of this Act, and belonging to the Secretary of State for India in Council, or situate in Her Majesty's territories in India, or in any territory in the East Indies belonging to any native prince or state in alliance with Her Majesty or to any European power, and includes any tramway so belonging or situate and worked by steam power, and any ferry so belonging or situate and worked or used in connection with a railway.

Power for guaranteed company to enter into working agreements.

2. A guaranteed company may from time to time make with the Secretary of State for India in Council, and carry into effect, or with the sanction of the Secretary of State for India in Council,

A.D. 1879.

make with any railway company, and carry into effect, any agreement with respect to any of the following purposes; namely,

(*a.*) The working, use, management, and maintenance of any railway or part of a railway:

(*b.*) The supply of rolling stock and machinery necessary for any of the purposes herein-before mentioned, and of officers and servants for the conduct of the traffic of any such railway or part:

(*c.*) The payments to be made and the conditions to be performed with respect to such working, use, management, and maintenance:

(*d.*) The interchange, accommodation, and conveyance of traffic on, coming from, or destined for, the respective railways of the contracting parties, and the fixing, collecting, apportionment, and appropriation of the revenues arising from that traffic:

(*e.*) Generally the giving effect to any such provisions or stipulations with respect to any of the purposes herein-before mentioned as the contracting parties may think fit and mutually agree on.

Power for guaranteed company to make agreements with the Secretary of State as to telegraphs.

3. A guaranteed company may from time to time make with the Secretary of State for India in Council, and carry into effect, any agreement with respect to any of the following purposes; namely,

(*a.*) The surrendering, selling, or letting by the company to the Secretary of State of all or any part of the telegraphs belonging to the company:

(*b.*) The doing of any thing connected with the working, use, management, or maintenance of or otherwise relating to any telegraphs in India which belong to the Secretary of State in Council or a guaranteed company, or in which the Secretary of State in Council and any such company is for the time being interested, including the application of the revenue to arise from any such telegraphs:

(*c.*) Generally the giving effect to any such provisions or stipulations with respect to any such telegraphs as the Secretary of State in Council and any such company may think fit and mutually agree on.

Additional powers of guaranteed company.

4. A guaranteed company may from time to time, with the sanction of the Secretary of State for India in Council, exercise all or any of the following powers:

(*a.*) They may use, maintain, farm, or work and take tolls in respect of any bridge or ferry used in connection with their railway:

(*b.*) They may construct, use, maintain, and take tolls in respect of any road in connection with a railway bridge:

(*c.*) They may provide any means of transport which may be required for the reasonable convenience of persons or goods carried on their railway, when such means of transport are not for the time being provided by any other company or person:

(*d.*) They may make and carry into effect agreements with the Secretary of State for India in Council for the construction of rolling stock, plant, or machinery used on or in connection with railways, or for leasing or taking on lease any rolling stock, plant, machinery, or equipments required for use on a railway.

A guaranteed company shall have, for the purpose of recovering any tolls which they are authorised to take under this section, such powers as may be conferred upon them by laws and regulations made by the Governor General of India in Council.

Power for Secretary of State to delegate to Governor General right of sanction under this Act.

5. The Secretary of State for India in Council may from time to time, with respect to any case or class of cases, delegate to the Governor General of India in Council the power to give any sanction required under this Act.

Powers of Act cumulative.

6. The powers conferred by this Act shall be in addition to and not in derogation of any powers existing independently of this Act.

Validation of past agreements.

7. Any agreement made before the passing of this Act by a guaranteed company for any of the purposes specified in this Act shall be as valid as if it had been made after the passing of this Act.

Short title.

8. This Act may be cited as the Indian Guaranteed Railways Act, 1879.

A.D. 1879.

SCHEDULE.

The Great Indian Peninsular Railway Company.
The Madras Railway Company.
The Bombay, Baroda, and Central India Railway Company.
The Scinde, Punjab, and Delhi Railway Company.
The Eastern Bengal Railway Company.
The South Indian Railway Company.
The Oude and Rohilcund Railway Company (Limited).

Railways and Telegraphs in India. [H.L.]

A

B I L L

[AS AMENDED IN COMMITTEE]

INTITULED

An Act to enable Guaranteed Railway Companies in India and the Secretary of State for India in Council to enter into Agreements with respect to the working of Railways, and with respect to Telegraphs, and to confer upon those Companies additional powers with respect to their undertakings.

(*Brought from the Lords* 13 *May* 1879.)

Ordered, by The House of Commons, *to be Printed*, 7 *July* 1879.

[Bill 234.]

Under 1 *oz.*

East Indian Railway (Redemption of Annuities) Bill.

ARRANGEMENT OF CLAUSES.

Clause.

1. Act only to come into operation if the East Indian Railway Company Purchase Act, 1879, becomes law.
2. Power to the Secretary of State in Council of India to create and issue so much capital stock as may be required for the purposes of the East Indian Railway Company Purchase Act, 1879.
3. As to terms of issue and date of payment off.
4. Transfer books of such capital stock to be kept.
5. Power to raise money for payment of principal money.
6. Capital stock and interest to be charged on revenues of India.
7. Half-yearly returns of debt to include sinking fund and application thereof.
8. Saving powers of the Secretary of State in Council.
9. Stock created hereunder to be deemed East India Stock.
10. Section 3, &c. of 33 & 34 Vict. c. 93. extended to capital stock created under this Act.

A

B I L L

TO

Enable the Secretary of State in Council of India to create and issue Capital Stock in the United Kingdom in exchange for so much of the Annuity created under the East Indian Railway Company Purchase Act, 1879, and thereby made chargeable on the Revenues of India as may be purchased by the Secretary of State under that Act. A.D. 1879.

WHEREAS by a Bill now before Parliament for an Act the short title of which is the East Indian Railway Company Purchase Act, 1879, provision is proposed to be made for transferring to and vesting in the Secretary of State in Council of India, herein-after called the Secretary of State, the undertaking of the East Indian Railway Company, herein-after called the Company, and all other the property of the Company, save and except as therein mentioned, and for the creation of an annuity of one million four hundred and seventy-three thousand seven hundred and fifty pounds to be charged on the revenues of India, and to be paid to the Company as therein mentioned for the purpose of being distributed among the proprietors of stock of the Company:

And whereas by the said Bill (section forty-six) it is proposed to be enacted that the Secretary of State may purchase by agreement, from any proprietor of stock of the Company, the amount of annuity to which such proprietor is entitled, or any portion thereof, paying in exchange for the same as thereby provided, to any such proprietor on the register in London, India Four per Centum Stock, and to any such proprietor on the register at Calcutta, India Four per Centum Stock or Four per Centum Rupee Debt in India, at the respective rates therein specified, subject to the proviso that no such purchase shall be made by means of India Four per Centum

A.D. 1879.

Stock unless the Secretary of State shall be authorised by Parliament to create and issue such stock for the purpose:

And whereas with the view of providing for the extinguishment of so much of the public debt of India as may be so created and issued for that purpose, provision is proposed to be made by the said Bill (section fifty-one) for the creation of a sinking fund to be applied by the Secretary of State, in such manner and at such time or times as he shall think fit, in reduction of the public debt of India, created under the authority of Parliament. And it is proposed to be enacted that any stock or securities that may be cancelled or redeemed for the purposes of such reduction shall not be re-issued without the authority of Parliament:

And whereas it is expedient that the Secretary of State should be authorised to create and issue capital stock for the purposes of the East Indian Railway Company Purchase Act, 1879:

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Act only to come into operation if the East Indian Railway Company Purchase Act, 1879, becomes law.

1. This Act shall only come into operation in case the East Indian Railway Company Purchase Act shall pass into law.

Power to the Secretary of State in Council of India to create and issue so much capital stock as may be required for the purposes of the East Indian Railway Company Purchase Act, 1879.

2. The Secretary of State may create and issue so much capital stock, bearing interest at the rate of *four per centum* per annum, as may be required for the purpose of completing any purchase or purchases authorised by the East Indian Railway Company Purchase Act, 1879, of any portion or portions of the said annuity of *one million four hundred and seventy-three thousand seven hundred and fifty pounds*, created under the authority of that Act.

As to terms of issue and date of payment off.

3. Any capital stock created under this Act may be issued on such terms as may be determined by the Secretary of State, and may bear interest during such period and be paid off at par at such time as the Secretary of State may prescribe.

Transfer books of such capital stock to be kept.

4. In case of the creation and issue of any capital stock under this Act there shall be kept, either at the office of the Secretary of State in London or at the Bank of England, books wherein entries shall be made of the said capital stock, and wherein all

assignments or transfers of the same, or any part thereof, shall be entered and registered and shall be signed by the party or parties making such assignments or transfers, or if such party or parties be absent, by his, her, or their attorney or attornies thereunto lawfully authorised by writing under his, her, or their hands and seals to be attested by two or more credible witnesses; and the person or persons to whom such transfer or transfers shall be made may respectively underwrite his, her, or their acceptance thereof, and no other mode of assigning or transferring the said capital stock, or any part thereof, or any interest therein, shall be good and available in law; and no stamp duties whatsoever shall be charged on the said transfers, or any of them.

Power to raise money for payment of principal money.

5. Upon or for the payment off or repayment of any principal money secured under this Act, the Secretary of State may at any time borrow or raise by the creation and issue of capital stock, bearing interest at such rate per centum per annum as the Secretary of State may think fit, all or any part of the amount of principal money required to be paid off or repaid, and so from time to time as all or any part of the principal money secured under this Act may require to be repaid, but the amount to be charged upon the revenues of India shall not in any case exceed the principal money required to be paid off or repaid: Provided that nothing in this Act contained shall authorise the Secretary of State to re-issue any capital stock or securities which may, by the operation of the said sinking fund, be cancelled or redeemed in reduction of the public debt of India created under the authority of Parliament.

Capital stock and interest to be charged on revenues of India.

6. All capital stock to be issued under this Act, and the interest thereon, shall be charged on and payable out of the revenues of India in like manner as other liabilities incurred on account of the government of India.

Half-yearly returns of debt to include sinking fund and application thereof.

7. The half-yearly returns to Parliament of loans raised in England chargeable upon the revenues of India shall include the amount of the sinking fund created by the Secretary of State under the East Indian Railway Company Purchase Act, 1879, and the application thereof.

Saving powers of the Secretary of State in Council.

8. This Act shall not prejudice or affect any power of raising or borrowing money vested in the Secretary of State at the time of passing thereof.

A.D. 1879.

Stock created hereunder to be deemed East India Stock.

9. Any capital stock created under this Act shall be deemed to be East India Stock within the Act twenty-second and twenty-third Victoria, chapter thirty-five, section thirty-two, and the Act thirty-first and thirty-second Victoria, chapter thirty-two, unless and until Parliament shall otherwise provide; and any capital stock created under this Act shall be deemed to be and shall mean India stock within the Act of the twenty-sixth and twenty-seventh Victoria, chapter seventy-three, anything in the said last-mentioned Act to the contrary notwithstanding.

Section 3, &c. of 33 & 34 Vict. c. 93. extended to capital stock created under this Act.

10. The provisions contained in the third section of the Act of the thirty-third and thirty-fourth Victoria, chapter ninety-three, and all other enactments in the said Act relating to or affecting such provisions shall be extended and be applicable to any capital stock created under this Act.

East Indian Railway (Redemption of Annuities).

A

B I L L

To enable the Secretary of State in Council of India to create and issue Capital Stock in the United Kingdom in exchange for so much of the Annuity created under the East Indian Railway Company Purchase Act, 1879, and thereby made chargeable on the Revenues of India as may be purchased by the Secretary of State under that Act.

(Prepared and brought in by Mr. Edward Stanhope and Lord George Hamilton.)

Ordered, by The House of Commons, *to be Printed*, 14 *July* 1879.

[Bill 244.]

Under 1 *oz.*

A

B I L L.

TO

Provide for the observance of discipline in Her Majesty's Indian Marine Service. A.D. 1879.

WHEREAS a Marine Establishment called Her Majesty's Indian Marine Service is employed under the direction of the Governor General of India in Council for the transport of troops, the guarding of convict settlements, the suppression of piracy, the survey of coasts and harbours, the visiting of lighthouses, the relief of distressed or wrecked vessels, and other local objects:

And whereas it is expedient to provide means for enforcing discipline in the said Marine Establishment:

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Short title. **1.** This Act may be cited as the Indian Marine Service Act, 1879.

Governor General of India in Council to have power to make laws. **2.** Subject to the provisions contained in the Indian Councils Act, 1861, sections 21, 22, and 24, the Governor General of India in Council shall have power at meetings for the purpose of making laws and regulations to make laws;—

(*a.*) For securing the observance of an exact discipline in the said establishment called Her Majesty's Indian Marine Service; and

(*b.*) For bringing to a more exemplary and speedy punishment than the usual form of law will allow all officers, engineers, soldiers, marines, seamen, and all others, whether subjects of Her Majesty, or foreigners belonging to the said service, who mutiny or stir up sedition, or desert the said service, or commit any other offence which in its nature would be cognizable by courts-martial under any law for the time being in force in British India, or which offence may be against good discipline in naval service; in the same manner as the said Governor General in Council now has power to make any laws and regulations.

[Bill 182.]

BOMBAY BRANCH
OF THE
Royal Asiatic Society.
CLASS

A.D. 1879.

Laws made to be of same force, whether within or without Her Majesty's Indian territories, as any Act of Parliament.

3. All laws made as aforesaid shall, until the Governor General makes known that he has received a notification of the disallowance thereof by Her Majesty, or until such laws respectively are repealed, be of the same force and effect, whether within or without Her Majesty's Indian territories, as any Act of Parliament would be, and shall be taken notice of by all courts of justice in the same manner as any public Act of Parliament would and ought to be taken notice of.

Governor General in Council not authorised to make law imposing sentence of death.

4. Nothing herein contained shall be deemed to authorise the said Governor General in Council, without the previous sanction of the said Secretary of State in Council, to make any law whereby power is given to any court other than the High Courts established under the 24th and 25th of Victoria, chapter 104, to sentence to the punishment of death any of Her Majesty's natural-born subjects born in Europe, or the children of such subjects.

Indian Marine.

A

BILL

To provide for the observance of discipline in Her Majesty's Indian Marine Service.

(*Prepared and brought in by*
Mr. Edward Stanhope and Mr. John G. Talbot.)

Ordered, by The House of Commons, *to be Printed,*
14 *May* 1879.

[Bill 182.]

Under 1 *oz.*

A

B I L L

[AS AMENDED IN COMMITTEE]

TO

Provide for the observance of discipline in Her Majesty's Indian Marine Service. A.D. 1879.

WHEREAS a Marine Establishment called Her Majesty's Indian Marine Service is employed under the direction of the Governor General of India in Council for the transport of troops, the guarding of convict settlements, the survey of coasts and harbours, the visiting of lighthouses, the relief of distressed or wrecked vessels, and other local objects:

And whereas it is expedient to provide means for enforcing discipline in the said Marine Establishment:

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

1. This Act may be cited as the Indian Marine Service Act, 1879. Short title.

2. Subject to the provisions contained in the Indian Councils Act, 1861, sections 21, 22, and 24, the Governor General of India in Council shall have power, at meetings for the purpose of making laws and regulations, to make laws:— Governor General of India in Council to have power to make laws.

(*a.*) For securing the observance of an exact discipline in the said establishment called Her Majesty's Indian Marine Service; and

(*b.*) For bringing to a more exemplary and speedy punishment than the usual form of law will allow all officers, engineers, soldiers, marines, seamen, and all others, whether subjects of Her Majesty, or foreigners belonging to the said service, who mutiny or stir up sedition, or desert the said service, or commit any other offence which in its nature would be cognizable by courts-martial under any law for the time being in force in British India, or which offence may be against good discipline in naval service; in the same manner as the said Governor General in Council now has power to make any laws and regulations.

[Bill 211.]

A.D. 1879.

Laws made to be of same force, whether within or without Her Majesty's Indian territories, as any Act of Parliament.

3. All laws made as aforesaid shall, until the Governor General makes known that he has received a notification of the disallowance thereof by Her Majesty, or until such laws respectively are repealed, be of the same force and effect, whether within or without Her Majesty's Indian territories, as any Act of Parliament would be, and shall be taken notice of by all courts of justice in the same manner as any public Act of Parliament would and ought to be taken notice of.

Indian Marine.

A

BILL

[AS AMENDED IN COMMITTEE]

To provide for the observance of discipline in Her Majesty's Indian Marine Service.

(*Prepared and brought in by*
Mr. Edward Stanhope and Mr. John G. Talbot.)

Ordered, by The House of Commons, *to be Printed,*
19 *June* 1879.

[Bill 211.]

Under 1 *oz.*

Indian Salaries and Allowances Bill.

MEMORANDUM.

The main object of this Bill is to enable the Secretary of State in Council to reduce in certain cases the outfit allowances of Indian officials, and to reduce some of the salaries and allowances in the Ecclesiastical Establishment.

The outfit allowances are fixed by 53 Geo. 3. c. 155. s. 89, and 3 & 4 Will. 4. c. 85. ss. 76 and 91. Power to modify them in the case of certain Indian judges was given by 24 & 25 Vict. c. 104. s. 6.

The salaries are fixed by 53 Geo. 3. c. 155. s. 49.

E. S.

[Bill 72.] A

Indian Salaries and Allowances Bill.

ARRANGEMENT OF CLAUSES.

Clause.
1. Short title.
2. Power to regulate certain allowances for equipment and voyage.
3. Power to regulate certain ecclesiastical salaries.
4. Charges on Indian revenues not to be increased under Act.
5. Repeal of enactments in Schedule.

SCHEDULES.

[Bill 72.] A 2

A

B I L L

TO

Amend the Law relating to the Salaries and Allowances of certain Officers in India; and for other purposes relating thereto. A.D. 1880.

BE it enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Short title.

1. This Act may be cited as the Indian Salaries and Allowances Act, 1880.

Power to regulate certain allowances for equipment and voyage.

2. It shall be lawful for the Secretary of State in Council of India from time to time to fix, alter, or abolish the allowances for equipment and voyage of the several officers specified in the First Schedule to this Act, or any of them.

Power to regulate certain ecclesiastical salaries.

3. It shall be lawful for the Secretary of State in Council of India from time to time to fix and alter the salaries, and to fix, alter, or abolish the allowances of the bishops and archdeacons of Calcutta, Madras, and Bombay, or any of them:

Provided that nothing in this section shall affect the salary or allowances of any person who is such bishop or archdeacon at the passing of this Act.

Charges on Indian revenues not to be increased under Act.

4. Nothing in this Act shall authorise the imposition of any additional charge on the revenues of India.

Repeal of enactments in Schedule.

5. The enactments described in the Second Schedule to this Act are hereby repealed to the extent in that Schedule mentioned.

SCHEDULES.

FIRST SCHEDULE.

The Governor-General of India and the Members of his Council.
The Governors of Madras and Bombay and the Members of their Councils.
The Commander-in-Chief of the Forces in India.
The Commanders-in-Chief of Madras and Bombay.
The Bishops and Archdeacons of Calcutta, Madras, and Bombay.

SECOND SCHEDULE.

53 Geo. 3. c. 155. - in part.	An Act for continuing in the East India Company for a further term the possession of the British territories in India, together with certain exclusive privileges; for establishing further regulations for the government of the said territories, and the better administration of justice within the same, and for regulating the trade to and from the places within the limits of the said company's charter. in part; namely— Section eighty-nine from "and the said Court of Directors" to the end of the section.
4 Geo. 4. c. 71. - - in part.	An Act for defraying the charge of retiring pay, pensions, and other expense of that nature of His Majesty's forces serving in India, for establishing the pensions of the bishop, archdeacons, and judges for regulating ordinations, and for establishing a court of judicature at Bombay. In part; namely— In section three, the words "and to any such "archdeacon who shall have exercised in "the East Indies or parts aforesaid for ten "years the office of archdeacon," and the words "or archdeacon" at the end of this section.

3 & 4 Will. 4. c. 85. - in part.	An Act for effecting an arrangement with the East India Company, and for the better government of His Majesty's Indian territories till the thirtieth day of April one thousand eight hundred and fifty-four. In part; namely— Section seventy-six, from "and the said court of directors"; to the end of the section, and section ninety-one.	A.D. 1880.

Indian Salaries and Allowances.

A

B I L L

To amend the Law relating to the Salaries and Allowances of certain Officers in India; and for other purposes relating thereto.

(*Prepared and brought in by Mr. Edward Stanhope and Lord George Hamilton.*)

Ordered, by The House of Commons, *to be Printed*, 12 *February* 1880.

[Bill 72.]

Under 1 *oz.*

East India Loan (£5,000,000) Bill.

ARRANGEMENT OF CLAUSES.

Clause.

1. Power to the Secretary of State in Council of India to raise any sum not exceeding 5,000,000*l.*
2. Bonds may be issued under the hands of two members of the Council, and countersigned by Secretary of State.
3. Debentures may be issued.
4. As to payment of principal and interest on debentures.
5. Debentures transferable by delivery. Coupons by delivery.
6. Bills may be issued.
7. Description, currency of, and interest on bills.
8. Capital stock and annuities may be created and issued.
9. Transfer books of such capital stock and annuities to be kept.
10. Annuities deemed personal estate.
11. The whole amount charged not to exceed 5,000,000*l.*
12. Power to raise money for payment of principal money.
13. Securities, &c. to be charged on revenues of India.
14. Provisions as to composition for stamp duties on India bonds extended to bonds and debentures under this Act.
15. Forgery of debentures and bills to be punishable as forgery of East India bonds.
16. Returns to be prepared half-yearly of moneys raised on loan, and presented to Parliament.
17. Portion of section 16 of 40 & 41 Vict. c. 51. repealed.
18. Saving powers of the Secretary of State in Council.
19. Stock created hereunder to be deemed East India stock.
20. Section 3, &c. of 33 & 34 Vict. c. 93. extended to capital stock created under this Act.

A

B I L L

TO

Enable the Secretary of State in Council of India to raise Money in the United Kingdom for the Service of the Government of India. A.D. 1879.

WHEREAS the exigencies of the public service in India require that the Secretary of State in Council of India should be enabled to raise money in the United Kingdom on the credit of the revenues of India:

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Power to the Secretary of State in Council of India to raise any sum not exceeding 5,000,000*l.*

1. It shall be lawful for the Secretary of State in Council of India, at any time or times after the passing of this Act, to raise in the United Kingdom, for the service of the Government of India, any sum or sums of money not exceeding in the whole *five millions* of pounds sterling, of which *two millions five hundred thousand* pounds sterling may be raised by the creation and issue of capital stock bearing interest, or annuities, bonds, debentures, or bills, or partly by one of such modes and partly by another or others; and the whole or any portion of the remaining *two millions five hundred thousand* pounds sterling may be raised by the creation and issue of bonds, debentures, or bills, but not by the creation and issue of capital stock bearing interest, or of annuities.

Bonds may be issued under the hands of two members of the Council, and countersigned by Secretary of State.

2. All bonds issued under the authority of this Act may be issued under the hands of two members of the Council of India, and countersigned by the Secretary of State for India, or one of his under secretaries, or his assistant under secretary, and shall be for such respective amounts, payable after such notice, and at such rate or rates of interest, as the said Secretary of State in Council may think fit.

Debentures may be issued,

3. All debentures issued under the authority of this Act may be issued under the hands of two members of the Council, and counter-

A.D. 1879.

signed as aforesaid, for such respective amounts, and at such rate or rates of interest, as the Secretary of State in Council may think fit, and shall be issued at or for such prices and on such terms as may be determined by the Secretary of State in Council.

As to payment of principal and interest on debentures.

4. All debentures issued under the authority of this Act shall be paid off at par at a time or times to be mentioned in such debentures respectively; and the interest on all such debentures shall be paid half-yearly on such days as shall be mentioned therein; and the principal moneys and interest secured by such debentures shall be payable either at the treasury of the Secretary of State in Council in London or at the Bank of England.

Debentures transferable by delivery.

5. All or any number of the debentures issued under the authority of this Act, and all right to and in respect of the principal and interest moneys secured thereby, shall be transferable by the delivery of such debentures; and the coupons for interest annexed to any debenture issued under the authority of this Act shall also pass by delivery.

Coupons by delivery.

Bills may be issued.

6. All bills issued under the authority of this Act may be issued under the hands of two members of the Council, and countersigned as aforesaid, for such respective amounts as the Secretary of State in Council may think fit, and shall be issued at or for such prices and on such terms as may be determined by the Secretary of State in Council.

Description, currency of, and interest on bills.

7. A bill issued under the authority of this Act shall be a bill for the payment of the principal sum named therein at the date therein mentioned, so that the date be not more than twelve months from the date of the bill; and the principal sum secured by such bill shall be payable either at the treasury of the Secretary of State in Council in London or at the Bank of England. Interest shall be payable in respect of such bill at such rate and in such manner as the Secretary of State in Council may determine.

Capital stock and annuities may be created and issued.

8. Any capital stock created under the authority of this Act shall bear such a rate of interest, and any annuities to be created under the authority of this Act shall be at such rate per centum per annum, as the Secretary of State in Council may think fit; and such capital stock and such annuities may be issued on such terms as may be determined by the Secretary of State in Council; and any such capital stock may bear interest during such period, and be paid off at par at such time, as the Secretary of State in Council may prescribe previously to the issue of such capital stock; and such annuities may be terminable at such period as the Secretary of

State in Council may prescribe previously to the issue of such annuities.

Transfer books of such capital stock and annuities to be kept.

9. In case of the creation and issue of any such capital stock or of any such annuities, there shall be kept, either at the office of the Secretary of State in Council in London or at the Bank of England, books wherein entries shall be made of the said capital stock and annuities respectively, and wherein all assignments or transfers of the same respectively, or any part thereof respectively, shall be entered and registered, and shall be signed by the parties making such assignments or transfers, or, if such parties be absent by his, her, or their attorney or attorneys thereunto lawfully authorised by writing under his, her, or their hands and seals, to be attested by two or more credible witnesses; and the person or persons to whom such transfer or transfers shall be made may respectively underwrite his, her, or their acceptance thereof; and no other mode of assigning or transferring the said capital stock or the said annuities, or any part thereof respectively, or any interest therein respectively, shall be good and available in law, and no stamp duties whatsoever shall be charged on the said transfers or any of them.

Annuities deemed personal estate.

10. All annuities created and issued under the authority of this Act shall be deemed and taken to be personal and not real estate, and shall go to the executors or administrators of the person or persons dying possessed thereof, interested therein, or entitled thereto, and not to the heir-at-law, nor be liable to any foreign attachment by the custom of London, or otherwise.

The whole amount charged not to exceed 5,000,000*l.*

11. The whole amount of the principal moneys to be charged on the revenues of India under this Act shall not exceed *five millions*.

Power to raise money for payment of principal money.

12. Upon or for the repayment of any principal money secured under the authority of this Act, the Secretary of State in Council may at any time borrow or raise, by all or any of the modes aforesaid, all or any part of the amount of principal money repaid or to be repaid, and so from time to time as all or any part of any principal money under this Act may require to be repaid, but the amount to be charged upon the revenues of India shall not in any case exceed the principal money required to be repaid; and the total amount raised under this section by the creation and issue of capital stock bearing interest or of annuities, shall not, at any one time, exceed *two millions five hundred thousand* pounds sterling.

Securities, &c. to be charged on

13. All bonds, debentures, and bills to be issued under this Act, and the principal moneys and interest thereby secured, and all

A.D. 1879.

revenues of India.

capital stock to be issued under this Act, and the interest thereon, and all annuities to be issued under this Act, shall be charged on and payable out of the revenues of India, in like manner as other liabilities incurred on account of the government of the said territories.

Provisions as to composition for stamp duties on India bonds extended to bonds and debentures under this Act.

14. The provisions contained in section four of the Act of the session holden in the fifth and sixth years of King William the Fourth, chapter sixty-four, with respect to the composition and agreement for the payment by the East India Company of an annual sum in lieu of stamp duties on their bonds, and the exemption of their bonds from stamp duties, shall be applicable with respect to the bonds and debentures to be issued under the authority of this Act, as if such provisions were here repeated and re-enacted with reference thereto.

Forgery of debentures and bills to be punishable as forgery of East India bonds.

15. All provisions now in force in anywise relating to the offence of forging or altering, or offering, uttering, disposing of, or putting off, knowing the same to be forged or altered, any East India bond, with intent to defraud, shall extend and be applicable to and in respect of any debenture or bill issued under the authority of this Act, as well as to and in respect of any bond issued under the same authority.

Returns to be prepared half-yearly of moneys raised on loan, and presented to Parliament.

16. Provided always, that, at the end of each of the half years ending on the thirty-first day of March and the thirtieth day of September in every year, the Secretary of State in Council shall prepare or cause to be prepared a return of all loans raised in England under the provisions of this Act or of any other Acts, chargeable on the revenues of India, outstanding at the commencement of each half year, with the rates of interest and total amount payable thereon, and the date of the termination of each loan, the debt incurred during the half year, the moneys raised thereby during the half year, the loans paid off or discharged during the half year, and the loans outstanding at the close of the half year, stating, so far as the public convenience will allow, the purpose or service for which moneys have been raised during the half year; and that a similar return shall also be prepared of all loans raised in India; that such returns shall be presented to both Houses of Parliament within fifteen days after the expiration of the said half-yearly periods as regards the loans raised in England, and within three months as regards the loans raised in India, if Parliament be then sitting, or if not sitting, then within one week after Parliament shall be next assembled; and the various conditions in respect to terms, prices, dates of payment, and rates of interest on which bills have been issued during the half year under the authority of sections

six and seven of this Act, shall be shown in the return in a form admitting of a comparison with previous years. A.D. 1879.

17. The provisions of the Act of the fortieth and forty-first Victoria, chapter fifty-one, section sixteen, so far as regards the preparation and presentation to Parliament annually of a return of all stocks, loans, debts, and liabilities chargeable on the revenues of India, are hereby repealed. Portion of sect. 16 of 40 & 41 Vict. c. 51. repealed.

18. This Act shall not prejudice or affect any power of raising or borrowing money vested in the said Secretary of State in Council at the time of passing thereof. Saving powers of the Secretary of State in Council.

19. Any capital stock created under this Act shall be deemed to be East India stock, within the Act twenty-second and twenty-third Victoria, chapter thirty-five, section thirty-two, unless and until Parliament shall otherwise provide; and any capital stock created under this Act shall be deemed to be and shall mean India stock within the Act of the twenty-sixth and twenty-seventh Victoria, chapter seventy-three, anything in the said last-mentioned Act to the contrary notwithstanding. Stock created hereunder to be deemed East India stock.

20. The provisions contained in the third section of the Act of the thirty-third and thirty-fourth Victoria, chapter ninety-three, and all other enactments in the said Act relating to or affecting such provisions, shall be extended and be applicable to any capital stock created under this Act. Sect. 3, &c. of 33 & 34 Vict. c. 93. extended to capital stock created under this Act.

East India Loan (£5,000,000).

A

B I L L

To enable the Secretary of State in Council of India to raise Money in the United Kingdom for the Service of the Government of India.

(*Prepared and brought in by Mr. Raikes, Mr. Edward Stanhope, and Mr. Chancellor of the Exchequer.*)

Ordered, by The House of Commons, *to be Printed*, 26 *May* 1879.

[Bill 197.]

Under 1 *oz.*

Report of the Commissioners appointed to represent Her Majesty's Government at the Monetary Conference held in Paris in August 1878.

Presented to both Houses of Parliament by Command of Her Majesty.

TO THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY.

May it please your Lordships,

We have the honour to forward herewith the Procés Verbaux of the International Monetary Conference, held in Paris under the presidency of M. Léon Say, which we were requested to attend by your Lordships Minute of the 5th August last.

The Conference met at the instance of the Government of the United States, in accordance with the second section of the Act passed by Congress early in the present year, "to authorise the coinage of the standard silver dollar, and to restore its legal "tender character." The words of this section are as follows:—

Origin of the Conference.

"Immediately after the passage of this Act, the President shall invite the Governments of the countries composing the Latin Union so called, and of such other "European nations as he may deem advisable, to join the United States in a Conference to adopt a common ratio as between gold and silver for the purpose of "establishing internationally the use of bi-metallic money, and securing fixity of "relative value between these metals."

In the letter which your Lordships caused to be addressed to the Foreign Office on the 20th May last, in answer to the invitation of the United States, it was stated that "the United Kingdom has, since 1816, or for a period of more than 60 years, confined "itself to a single standard of value, viz., gold. The policy of a single standard has "been accepted by Governments of all parties, and by the people. It has never in fact "been seriously attacked, and without entering on a theoretical discussion, my Lords "consider themselves justified in asserting that both Government and people "are satisfied with a system which has approved itself to them by long experience, "and that there has been and is no expression of public opinion in favour of an "endeavour to establish a common ratio between two metals which vary continually, "and not simultaneously, in value. The question, therefore, to be submitted to the "Conference is not an open question so far as the United Kingdom is concerned."

Your Lordships, therefore, considered that, as there was no ground for concerted action between the Government of Her Majesty and that of the United States, it would hardly be consistent with the respect due to a friendly Government if Her Majesty's Government were to enter the Conference on the conditions laid down in the Act, which involved, not the discussion, but the adoption of the principle of bi-metallic money.

Your Lordships, however, subsequently received a communication from the Secretary of State for India in Council, in which it was stated that, considering the important bearing of this question on the interests of India, his Lordship would be glad to learn that Her Majesty's Government had decided to take part in the proposed Conference; and your Lordships, therefore, consented that this country should be represented, provided that the terms of the invitation were so far modified as to allow the free discussion in all its bearings of the subject of the standards of currency used in various countries and the relations which exist or can be established between them, it being clearly understood that England could in no way depart from the policy in respect to currency questions which she has pursued for the last 60 years.

Acceptance by Her

The Government of the United States having accepted the representation of Her Majesty's Government upon these terms, your Lordships were pleased to request

Majesty's Government of invitation from United States.

us to proceed to Paris in order to represent Her Majesty's Government at the International Conference on Bi-metallic Currency which met in August last. The understanding with regard to our taking no part in any vote which would place in question the maintenance of a single gold standard in England was of course embodied in our instructions.

The distinct limitation thus imposed on our proceedings at the Conference did not, however, preclude us from taking an active part in its deliberations. For, in the first place, our position with regard to the Indian Empire, where the silver standard prevails, and with regard to which we were not bound as we were in the case of England, gave us a most important locus standi, and the deepest interest in any discussions involving the future of silver; and in the next place, we found that the representatives of several other Governments were, similarly with ourselves, distinctly precluded from voting on any proposition which would involve changes in the currency laws of the countries which they represented.

Opposition of the Scandinavian Union, Belgium, and Switzerland to the proposals of the United States.

While, therefore, the United States had called the Conference together with a view to common action being taken, it was clear, at the very commencement of our proceedings, that, with few exceptions, the countries of Europe were convinced, even before our sittings were opened, either of the inexpediency or of the impossibility of the course which was recommended by the United States. Declarations were accordingly soon made by the representatives of various Governments making it at once apparent that the Conference would have no practical result.

Dr. Broch (Norway) was the first to declare that the Governments of Sweden and Norway, who were committed to the single gold standard, had accepted the invitation of the United States on the same terms as those on which Her Majesty's Government consented to nominate your Commissioners.

M. Pirmez (Belgium) and M. Feer Herzog (Switzerland), representing countries included in the Latin Union where the double standard still exists in a modified form, had received the most stringent instructions not to commit themselves in any way to the ultimate maintenance of silver as a standard in their respective countries.

Expectant attitude of Austria and France.

Other Governments, such as that of Austria, had instructed their representatives to state that they intended to maintain an expectant attitude, and when France, the leading country in Europe amongst those where the silver currency has not been demonetized, also declared in favour of an expectant attitude, it was perfectly clear that all prospect of any common action for the "rehabilitation of silver," such as was desired by the United States, was out of the question even among a limited group of nations.

Germany was not represented at the Conference. Her abstention (to which we shall have to refer hereafter) naturally increased the difficulty of arriving at any understanding. The representatives of the United States were most loth to recognize this position. To the very close of the Conference, supported by Italy alone, they pleaded on behalf of common action as if it were an open question, and when compelled to acknowledge that action was impossible, urged at least a common theoretical declaration in favour of such action, though the instructions of the majority clearly precluded such a course. But in view of the circumstances which we have detailed, most of the members of the Conference perceived at once that no definite result could be obtained, and that it only remained to exchange opinions, and to collect all possible information as to the intentions and policy of the Governments represented with regard to the monetary circumstances of their respective countries as affected by the fall of silver.

We have great satisfaction in stating that in this respect the most perfect frankness prevailed, all members of the Conference vying with each other in contributing materials of common interest, and in stating, without reserve, how their Governments viewed the position.

We had the advantage not only of obtaining information during the debates of the Conference, but also of exchanging private communications with the Delegates from the different countries. We trust that the information thus collected, especially as to the probable future policy of various states with regard to the Silver question, may not be without some interest.

Currency systems of Europe.

The present position of most European countries with reference to a metallic currency is well known to your Lordships. Besides the United Kingdom, Germany and the Scandinavian Union, comprising Sweden, Norway, and Denmark, have completely adopted the single gold standard.

Holland is in a transition state. By a law passed in 1875, a new monetary system was legalized on the principle of a double standard. Gold was valued in relation

to silver at 15·625 to 1. Her object was to provide gold for Europe and silver for her Eastern possessions, keeping the same currency in both divisions; as, however, the depreciation of silver made rapid progress, Holland has, since 1875, suspended the coinage of silver, while nominally retaining the double standard.

In the Latin Union, which comprises France, Belgium, Switzerland, Italy, and Greece, the double standard still prevails, gold and silver coins being legal tender for unlimited amounts, though the coinage of silver bullion into coin has been for the present suspended, and Italy, it should be added, having still a forced paper currency, though a member of the Union.

Austria and Russia have also a forced paper currency, but the unit of value is nominally a silver coin.

Accordingly, at the present moment there is an important group of nations with a single gold standard, an important group of nations with a double standard, and a third group of nations which originally had a silver standard but now have a forced paper currency.

No European country represented at the Conference has a metallic currency with a single silver standard at present, but both the United Kingdom and Holland have Eastern possessions in which a silver currency alone exists.

The United States of America are in a transition state, about to resume specie payments, and to resume them on the footing of a double standard, but with limitations as to the amount of silver which is to be coined.

Such are the actual circumstances of the various nations.*

Position of the several States with regard to the silver question.

We proceed to describe the attitude which they appear to have assumed in regard to the silver question.

Germany and the Scandinavian Union.

The countries which have adopted a single gold standard, and have no Eastern possessions, have clearly made up their minds. Germany, it was understood, declined even to attend the Conference lest her attendance should be interpreted as a sign of wavering as to the policy to which she had committed herself. In the Scandinavian Union any deviation from the course adopted in 1873 seems equally out of the question.

Holland.

In Holland the position is far more complicated. Her Government are feeling the difficulty caused by the currency of her Eastern provinces most acutely, and are apparently watching the course of the English Government in relation to India, with a view to examine whether it may afford a practical solution for their own adoption under analogous circumstances. Holland is therefore inclined to maintain an expectant attitude, but according to the opinion expressed by her representatives she has become convinced that a single gold standard is most suitable to her as a European nation, although a single silver standard may be right or necessary in her Eastern possessions. Her proximity to Germany, and her intimate commercial relations with that gold-using country, have brought this conviction forcibly home to her.

The Latin Union.

The attitude of the countries comprising the Latin Union is particularly interesting. Though bound together by existing conventions they are at present actuated by the most divergent opinions.

Your Lordships are aware that in 1873, in view of the depreciation of silver which then first threatened to deprive the countries forming the Latin Union, whose currency was based on a double standard, of the gold which had for many years been the chief metal in use, the Swiss Government invited the other Powers to join in a Conference. The meetings held in 1874, 1875, and 1876, resulted in a limitation of the coinage of five-franc pieces, which in the latter year was restricted to 120 millions of francs, allotted in various proportions to the five States composing the Union. In 1877, on the proposal of France, it was arranged by correspondence that this quantity should be reduced by one half, and in 1878 the coinage of silver money of full value was entirely stopped, except that Italy was permitted to recoin the demonetized silver of the petty States to the amount of 10 millions of francs. But though these measures have been taken by common accord, the views of the ultimate solution held by the various members of the Union differ most materially. The French Government appears to believe, and evidently hopes, that after a lapse of time silver may so far recover its value and assume a steady relation to gold, that France may be able to return to the normal action of a double standard, which is at present interrupted by the suspension of the free coinage of silver five-franc pieces. But as it is

France.

* Spain and Portugal were not represented at the Conference. Spain has adopted the currency of the Latin Union though without entering the Convention, and has suspended the free coinage of silver from the 1st May last. The monetary system of Portugal is based on gold alone.

obvious that it is impossible to allow the free coinage of silver at the ratio of 1 to 15·5 without the certainty of losing all the gold in the country, the present policy of the French Government is to maintain the status quo. It will be observed that the Minister of Finance, at the third meeting of the Conference, stated that while unable to accept the proposals of the representatives of the United States, he would be unwilling positively to reject them, and this statement fairly represents the present attitude of France, and is in accordance with the statements made by M. Dumas, who presided over the meetings of the Latin Union in 1876.

Belgium and Switzerland.

At that Conference Switzerland had already advocated the adoption of the single gold standard; Belgium appears to be strongly disposed in the same direction; and it is likely that these countries will take advantage of the first favourable opportunity to legislate in that direction. The Latin Convention continues in force until the 1st January 1880, and is terminable then, and at intervals of 15 years, at one year's notice. Conferences have however been in progress among the members of the Union since we left Paris, which appear likely to result in some temporary prolongation of existing arrangements, the suspension of the coinage of silver five franc pieces being continued. It is not probable that Belgium or Switzerland will be able to carry out their wish for a single gold standard for some time to come.*

Greece.

The Greek Government had directed their Chargé d'Affaires to attend the Conference, and to state that Greece was not prepared to depart from the present expectant policy of the Latin Union.

Italy.

The remaining nation which forms part of that Union, viz., Italy, has a forced paper currency. Her opinion appears to be that it would probably be easier to resume specie payments upon the basis of a double standard than upon the basis of gold alone, and upon that ground she is not disinclined to the principles submitted by the United States. The representatives of Italy were indeed the only members of the Conference who gave an eager support to the proposals of the American delegates, and your Lordships will observe that they alone declined to accept the resolutions framed in answer thereto, and that they placed upon record their opinions in favour of the double standard, and of the adoption of an international ratio between gold and silver. It may be worth observing that a large amount of Italian subsidiary silver is said to be held in the Bank of France, and as this token coinage must be redeemed by the issuing country, it will be seen that France possesses a powerful means of exercising influence over Italy in matters of currency.†

Austria.

Austria, though, like Italy, having a forced issue of paper money, appeared to be more inclined to follow an expectant attitude and less disposed to cast in her vote at once with the Bi-metallists. The consideration that it would be obviously cheaper and easier to resume specie payments in silver, which is now at a very small premium as compared with paper, has evidently great weight with her. On the other hand the proximity of Germany, with whom Austria transacts four fifths of her commerce, points to the advantage of the adoption of a monetary system based upon gold alone. Such a transition could not, however, be effected without cost; and the Government appears to be favourably inclined to the use of both metals.

Russia.

One other country which has no metallic circulation was represented at the Conference, viz., Russia. Her monetary system, like that of Austria, is nominally based upon silver, but the opinions expressed by her representative were decidedly opposed to a bi-metallic system.

Your Lordships will, therefore, perceive that while Germany and the Scandinavian Union adhere to the principles which they have so recently adopted, Holland, Belgium, and Switzerland appear also to be decidedly in favour of the single gold standard; that France appears to be in favour of a double standard, but is not prepared, under the present circumstances, to resume the free coinage of silver; that Greece maintains a similar attitude; and that, of the countries having a forced paper currency, Austria and Italy appear to be inclined towards the employment of the two metals as being more likely to lead to the resumption of specie payments, while Russia remains faithful to the principle of a single standard.

Such, broadly speaking, was the situation at the time when the Conference met, and it will be seen at once that it was not propitious to the policy which the United States Delegates had been sent to Europe to advocate. These gentlemen did not in the first instance seem inclined to submit any distinct proposals. Alleging their reluctance to appear intrusive, they deprecated being pressed to put any programme before the Conference. But it was pointed out to them that, having issued the

* Since the above paragraph was printed a fresh Convention has been concluded. We add it to the Appendix.
† Vide Article 8 of the new Convention, Appendix .

invitation to the Governments to send delegates to Paris, it was clearly their part to open the discussion. On this, not without some further apologies, they placed the following broad propositions before the Conference :—

Resolutions moved by the Delegates from the United States.

1. *It is the opinion of this assembly that it is not to be desired that silver should be excluded from free coinage in Europe, and the United States of America. On the contrary, the assembly believes that it is desirable that the unrestricted coinage of silver, and its use as money of unlimited legal tender, should be retained where they exist, and, as far as practicable, restored where they have ceased to exist.*

2. *The use of both gold and silver as unlimited legal tender money may be safely adopted—*

First. By equalising them at a relation to be fixed by international agreement.

Secondly. By granting to each metal, at the relation fixed, equal terms of coinage, making no discrimination between them.

Opening speech of Mr. Groesbeck.

Mr. Groesbeck was the spokesman who introduced these resolutions. The speech which he delivered on the occasion was not directed to making good the propositions contained in the resolutions. Mr. Groesbeck did not deal with the question as to the possibility, either scientific or practical, of establishing an international agreement "by which the use of both gold and silver as unlimited legal tender may be safely adopted." He confined himself mainly to an explanation of the position and attitude of the United States Government, and, anticipating the objections, firstly, that that Government might be supposed to be influenced by their interest in the newly discovered silver mines in Nevada, and secondly, that it might be thought somewhat remarkable that whereas gold had been made the standard by a law passed in 1873, the double standard was now introduced in 1878, he deprecated in strong terms the idea that, because the United States were a silver-producing country, they had, as a State, any interest special to themselves in the monetary question. He pointed to the fact that gold as well as silver was produced in large quantities in the United States, and indicated reasons for his belief that the yield of the Nevada Mines would fall off at an early date. "The remonetisation of silver was accordingly not an "operation undertaken by the United States from selfish motives, in view of a profit "which might be special to themselves, nor did it involve the introduction of a new "practice. From the epoch of their foundation they had used the two metals. They "had lived and prospered under that system. Since 1792 up to the day when, in 1873, "*by a kind of inadvertence* the silver standard was suppressed, it would be impossible "to quote any merchant, banker, manufacturer, establishment, or indeed any interest "whatever, as having at any time raised an objection against the simultaneous employ-"ment of the two metals. Bi-metallism accordingly is not only, as regards the United "States, a legislative tradition, but has entered deeply into the habits of the people." *

As regards the object of the Conference, Mr. Groesbeck stated it to be to restore to silver its original position ("son rôle primitif"), and "to create a situation of equality "for gold and silver, when coined, in a ratio to be fixed by common accord."

He also insisted on the firm and unshakeable determination of his country to place itself in the position of a specie-paying State, and on its power to perform its part in any arrangement which might be come to.

Mr. Groesbeck glided very gently over one important feature in the Act of 1878, the strict limitation of the amount of silver to be coined in each month. This Act, as your Lordships are aware, while re-establishing the double standard, does not legalise the free coinage of silver. The reason of this limitation was explained simply to be, that a similar course had been taken by the Latin Union.

Your Lordships will, from these observations, be able to gather the general drift of Mr. Groesbeck's speech. Without the explanations which he gave, it would not have been unreasonable to infer that the locus standi of the United States as regards the silver question was affected by the circumstance that, in 1873, the silver standard was discontinued; that since then the Nevada Mines have become immensely productive, with the result of a most serious fall in the price of silver; that a resumption on the basis of silver, as well as gold, thus offered the double inducement of a cheaper mode, and of a boon to a most important native interest; and that accordingly the policy of 1873 was reversed. However, the statements and explanations of Mr. Groesbeck did not pass unchallenged. M. Feer Herzog questioned the predilection of the public in the United States for the use of silver, and Mr. Goschen and others pressed Mr. Groesbeck on the remarkable allegation that silver could have been discontinued as a legal standard "by inadvertence."

* Procés Verbaux, 2me Séance, p. 5.

The reply given was to the effect that the general public had been unaware what was passing between the Government and the Legislature; that public attention had not been called to the question, so that the Act was passed by inadvertence, at least on the part of the public.

Reserve of specie and bullion held in United States.

Mr. Goschen also questioned the United States Commissioners with regard to the stock of bullion in hand, held by the United States Treasury, with a view to resumption, and on the proportion of gold and silver respectively comprised in that bullion.

Mr. Fenton stated, in reply, that the Treasury held, according to the latest reports, $167,000,000 in gold and $13,000,000 in silver, of which less than $60,000,000 were hypothecated, leaving over $120,000,000 as a reserve against the greenbacks in circulation, which amount to less than $350,000,000.

We call attention to the very small proportion of silver comprised in this stock. Should the United States resume specie payments on the basis of a double standard, and maintain a portion of their reserve bullion in silver, it is clear that they would have to purchase silver very largely. It may further be presumed that, on the resumption of specie payments, a large stock of bullion will be for a long time held by the Government, and by banks, without being paid out, and it is possible that a large proportion of silver might be thus held without being circulated amongst the public, provided always that the American Commissioners are right in alleging the fixed determination of the United States to abide by a double standard.

Other points in the statements of the United States Representative were vigorously dealt with by other members of the Conference, but the discussion turned almost at once from the arguments put forward by Mr. Groesbeck to the resolutions which he proposed, and to the considerations which could be adduced for and against them. However, as we have already stated, it was palpable at once that the instructions of the members of the Conference, and the intentions of the Governments which they represented, precluded those resolutions from finding much support, and therefore the main question arose as to the wisest attitude to assume with regard to them.

Advocates of the single gold standard.

M. Feer Herzog (Switzerland), M. Pirmez (Belgium), and Dr. Broch (Norway) proceeded at once to expose the economic fallacies and practical impossibilities involved in the United States proposals, and argued strongly in favour of a single gold standard. We ourselves considered that the impossibilities of establishing a Bi-metallic system by common agreement for all the world were so obvious that it was scarcely worth while to argue on the matter, while we declined, as also unnecessary, any discussion of the general merits of a single or a double standard. Those who were advocates at the Conference of a single gold standard, and opponents of Bi-metallism in any form, were indeed so vigorous and capable that any further development of this aspect of the question seemed scarcely needed. On the contrary, we were unanimously of opinion that it was wise to place before the Conference some

Objections to the universal demonetization of silver.

considerations which, in our judgment, might be adduced against what may be called a propaganda in favour of a single gold standard in countries where it has not yet been introduced. There appeared to us to be some danger lest the natural opposition which the proposals of the United States called forth should be carried to the extent of an argument or a declaration, still further impugning the position of silver as a factor of currency. We considered that, while a universal double standard was a utopian impossibility, a single gold standard throughout the world would be a false utopia, and that further steps in that direction might tend to produce incalculable disasters to the commerce of the world.

We thought, too, that if the propositions of the American delegates should be simply rejected, that rejection might be erroneously interpreted by the public, who might see in such a declaration a verdict given against the use of silver as money. The future situation of silver might thus be further compromised, and an impression produced which would not be in accord with the opinions of the great majority of the Conference.

It was clear that in the American text there was one declaration for which nearly all the Delegates might vote, and to which we ourselves were prepared to subscribe; that is to say, that it was not desirable that silver should cease to be one of the monetary metals. The American proposals exaggerated the position which it was either desirable or possible to secure for silver, but it appeared to be expedient that this error in their proposals should not induce the other members of the Conference to pronounce a condemnation of silver which would not be within their thoughts. "While putting aside entirely the question of the double standard, there was another question which appeared to be practical and useful to put, viz.,

assuming that the general double standard proposed by the United States could not be adopted, what would be the future of silver; what would be the policy to be pursued; towards what aim ought the various States to direct their efforts? This aim we considered to be to keep silver in the position which it occupies at present as the partner or natural ally of gold in all parts of the world, *where it might be possible to do so.* We considered that a campaign undertaken against silver would be exceedingly dangerous, even for the countries who have given a position as legal tender only to gold."*

We did not feel that we were precluded from taking up this ground by the fact that the English Government, not less than the English public, are perfectly determined to abide by a gold standard in the United Kingdom. The enormous interests of England in India gave us as good a locus standi, as regards the question, as that of the representatives of any other country, and we were able to point out to the Conference that the English came with the cleanest possible hands before the Conference in this respect. It could not be urged against us that we were arguing against the abandonment of silver in other countries, and had at the same time taken steps ourselves to limit the use of silver in our dependencies where a silver currency existed. We were able to point out that while the Latin Union and Holland had restricted the free coinage of silver, in India no steps against silver had as yet been taken. What would have been the position of silver, we were able to ask, if the metal had been demonetized in India as it had been demonetized elsewhere?

We further showed that in the controversy in favour of a single gold standard the question as to the mode in which existing stocks of silver were to be disposed of had been insufficiently considered. It was assumed that States would endeavour to rid themselves of their silver currency at the earliest possible date, but if this policy were followed by many Governments, what buyers would there be for the silver to be disposed of? How could it be assumed that silver would be bought, if simultaneous steps were taken everywhere for its disuse as an active agent in the currency? Consequently, the further prosecution of the policy in favour of as universal a gold standard as possible would be likely to cause a further depreciation of silver, the proportions of which it was impossible to foresee. The monetary and commercial disturbances which would be produced by such a fall could be readily imagined, nor could the actual loss which would fall on various States be left out of account. The position of France, with an amount of silver in circulation, or in the hands of the banks, amounting to from 80,000,000*l.* to 100,000,000*l.*, is well known; but few countries would be able to congratulate themselves upon exemption from the common misfortune of a further fall in silver. The case of Belgium was quoted at the Conference with special reference to the somewhat extreme views held by the Belgian Government with regard to the adoption of a single gold standard for the countries included in the Latin Union. Little silver is now circulated in Belgium itself, but Belgian coins to the extent of from 12,000,000*l.* to 15,000,000*l.* are in circulation in France, or in the hands of the Bank of France. According to the terms of the Convention these coins would be demonetized in France by the dissolution of the Latin Union. They would then be returned to Belgium where they naturally are a legal tender, and either the Belgian Government or the Belgian public would have to bear the loss of the depreciation. The loss which would be incurred in the Eastern dependencies of the British Empire and of Holland was of course patent to all. Nothing surely would create greater disorders in the economic situation and produce a more disastrous crisis than a general effort on the part of all States to rid themselves of their silver at the same time.

A further point would be whether, if there should be a further considerable disuse of silver, and especially if the countries which have now a forced paper currency should ultimately adopt a gold circulation, the demand for gold would not be so great as to render it difficult for the existing supplies to bear the strain, and whether the additional demand for gold might not cause formidable convulsions in trade and finance?

We were unanimously and emphatically of opinion that it was better that the currency of the world should continue to rest upon the two metals than that any efforts should be made to displace silver from its share in performing the work of the currency at large.

We think we may fairly state that the considerations thus put forward did not fail to produce some effect, even upon the representatives of States who had hitherto been

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* Procés Verbaux, 3me Séance, p. 5, 6.

most active in the propaganda for the adoption of a single gold standard, and the feeling was general that it would be wiser not to give a simple negative to the proposals of the United States Commissioners, but to make a declaration in reply, which, while it should distinctly exclude any misapprehension with regard to the possibility of the adoption of a common relation between gold and silver by a universal international agreement, should also embody an opinion that silver should continue to share the work of currency with gold. Accordingly, the following answer was drawn up:—

Amendment of the United States Resolutions.

The Conference wish to express their sincere thanks to the Government of the United States of America for having procured an international exchange of opinion upon a subject of so much importance as the monetary question.

Having maturely considered the proposals of the Delegates of the United States, the Conference recognises:

1. *That it is necessary to maintain in the world the monetary functions of silver, as well as those of gold, but that the selection for use of one or the other of these two metals, or of both simultaneously, should be governed by the special situation of each State or group of States.*
2. *That the question of the restriction of the mintage of silver should equally be left to the discretion of each State or group of States, according to the particular position in which they may be placed; and the more, in that the disturbance which in recent years has been produced in the silver market has variously affected the monetary situation of the several countries.*
3. *That the differences of opinion which have appeared, and the fact that even the States in which the double standard exists find it impossible to enter into any engagement with regard to the unlimited coinage of silver, preclude the discussion of the question of establishing an international relation of value between the two metals.*

These resolutions were agreed to by all the representatives, except those from Italy and the United States, and were presented to the Conference by M. Léon Say. The Italian Delegates had offered a strenuous opposition to the text of these declarations, being, as we have elsewhere stated, exceedingly urgent that the various States of Europe should remain perfectly free with regard to the adoption of the double standard. M. Rusconi, on behalf of himself and M. Baralis, ultimately submitted the following reservations in the form of a distinct motion:—

Reservations of the Italian Delegates.

" 1. *That in adopting the proposed formula, the conference gives no reply to the question before it, and that, in deliberately avoiding any statement as to the possibility or impossibility of establishing a fixed ratio between gold and silver by means of an international convention, it leaves its task incomplete.*

" 2. *That, since the French law established such a relation, none but unimportant oscillations have occurred in the value of the two metals, whatever may have been the variations in the product of the mines.*

" 3. *That, consequently, if the French law has been able to obtain by itself this result, a fortiori, such a relation would be established on a base so firm that it would remain unshaken, from the date on which such States as France, England, and the United States of America agreed to fix mutually, by an international law, the value of the two coined metals.*"

Declarations against the principle of a double standard.

No support was given to this motion, but the fact of these reservations having been put forward made us consider it necessary to be still more explicit with reference to the American proposals than we had been before. Mr. Goschen accordingly, in order to avoid any risk of misapprehension, took the opportunity of stating that he and his colleagues, while not in favour of the universal adoption of a single gold standard, considered that the establishment of a fixed ratio of gold and silver was utterly impracticable, and that they were opposed to a system of currency based upon a double standard. M. Feer Herzog, M. de Thoerner, and M. Garnier, made similar declarations on behalf of Switzerland, Russia, and Belgium; but M. de Kuefstein, for Austro-Hungary, accepted the resolutions only on the ground that they committed the Delegates to no opinion in either direction, and did not assert the impossibility of such an arrangement as had been contemplated by the United States. Your Lordships will, however, gather that with these exceptions the impossibility of such an arrangement was practically admitted by the whole of the rest of the members, side by side with their declaration of opinion that it was necessary to maintain in the world the monetary functions of silver as well as those of gold.

Though the declaration thus arrived at by a very large majority, that it is necessary to maintain in the world the monetary functions of silver as well as those of gold, may be characterised as a truism to a certain extent, we desire to point out that this expression indicates a distinctly different result from what was arrived at in the year 1867, when the International Monetary Conference met in Paris. That Conference, as well as the Royal Commission which sat in 1868, definitely recommended the universal adoption of a gold standard; but it must be remembered that both bodies assembled at a period when the discoveries of gold in California and Australia had caused silver to disappear entirely from the countries whose monetary system was based upon the double standard. That apprehension has now been replaced by the opposite apprehension that silver might be so plentiful that it might be inexpedient to retain it for purposes of legal tender.

Change of opinion since 1867.

If, as the result of the present Conference, the United States Commissioners are able to take back to their country information that the adoption of the universal gold standard commends itself less to the judgment of the nations of Europe than it apparently did in the year 1867, on the other hand no statements were made at the Conference which would justify them in claiming any increased adhesion to the doctrine of a double standard in any country, or in assuming that, if they persevere in their attempt, they are likely to find active allies.

We regret that more light was not thrown in the Conference on the probable prospects of the silver market. Considerable discussion took place as to what causes were most potent in determining the price of silver, M. Feer Herzog contending that the demand for India was the main determining cause of the rise and fall in the price of silver, and attributing very little weight either to the stock of silver in Germany, or to the suspension of the coinage in the Latin Union, while others argued very strongly that the existence of a large stock in the hands of Germany, who were ready to be sellers at any moment, exercised a predominating influence over the market at the present time, and that the suspension of the coinage of silver in the Latin Union had also contributed in a very large degree to the fall. Mr. Gibbs pointed out to the Conference what a very different effect would be produced by a stock of silver in the hands of a Government anxious to sell from an equal amount produced from the mines in ordinary course. M. Feer Herzog used the argument that, as little silver had been coined in a given time by the nations of the Latin Union prior to the suspension of the coinage, that suspension could not have greatly influenced the market, but we were unable to share that view. The privilege possessed by silver of being coined into legal tender at any moment, prior to the suspension of free coinage in the Latin Union, gave that metal a value which it has lost. It was certainly a privilege which would have tended to arrest the fall. The statement of this fact was on one occasion considered by one of the members of the Conference as an unfavourable criticism on the conduct of the Latin Union, but this was a misapprehension. They may have been perfectly right in the policy they adopted, while at the same time that policy may have aggravated the existing difficulties. The Latin Union, too, were free to adopt this course as, through the operation of the double standard, the suspension of the coinage of one metal did not deprive those who might have payments to make of the means of obtaining legal tender. The situation in this respect was different from the situation of India, where, if the free coinage of silver into rupees had been stopped, the supply of legal tender would have been entirely arrested. With regard to the stock of silver in Germany, it was estimated at the Conference to range between 16,000,000*l.* and 18,000,000*l.* It has hitherto apparently been impossible to ascertain the intentions of the German Government with reference to the disposal of the remaining surplus, or even to estimate with any certainty the amount of the balance yet unsold. The Select Committee of 1876 examined very carefully the various estimates which were submitted at that time, and which ranged between eight and thirty millions sterling, but they were unable to arrive at any definite opinion. They reported that "Germany has still to dispose of an "amount which is certainly not less than eight millions, with a possibility that it may "exceed twenty millions." M. Feer Herzog, in a pamphlet recently published, takes the same estimate as the Select Committee of the amount of old coinage in circulation at the close of the year 1871, viz., 59,000,000*l.*, and he states that nearly 20,000,000*l.* of this amount have been used in the new coinage, while over 27,000,000*l.* have been converted into bullion. Of this latter amount rather more than 23,000,000*l.* had been sold. This would leave a balance of about 16,000,000*l.* to be disposed of,

Prospects of the silver market.

Estimates of amount of silver held by Germany.

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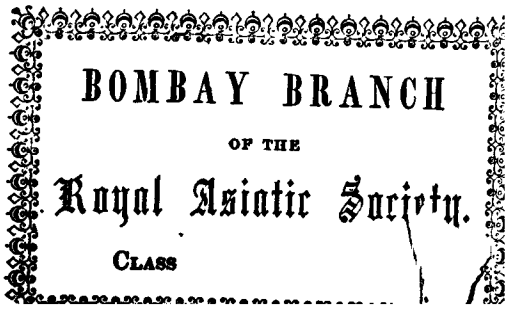
BOMBAY BRANCH
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CLASS

SOLAR PHYSICS, &c.

RETURN to an Address of the Honourable The House of Commons, dated 20 March 1879;—*for*,

"COPY of CORRESPONDENCE and PAPERS relating to a COMMITTEE to Report on the Method of conducting OBSERVATIONS in SOLAR PHYSICS (Civil Service Estimates, Class 4, Vote 2, G. 2)."

— No. 1. —

REPORT by Professors *G. G. Stokes*, SEC., R.S., and *Balfour Stewart*, F.R.S., and General *Strachey*, R.E., C.S.I., F.R.S., on OBSERVATIONS in ASTRONOMICAL PHYSICS, with a MEMORIAL and CORRESPONDENCE relating thereto.

INDEX.

	PAGE
1. Report	1
2. Letter to Professors Stokes and Balfour Stewart	4
3. Memorial addressed to the Lords of the Committee of Council on Education	5
4. Extracts from the Eighth Report of the Royal Commission on Scientific Instruction and the Advancement of Science	6
5. Letter to General Strachey, R.E., C.S.I., F.R.S.	6
6. Correspondence relating to Observations to be made in India	7

REPORT by Professors *G. G. Stokes* and *Balfour Stewart*, F.R.S., and General *Strachey*, R.E., C.S.I., F.R.S., on OBSERVATIONS in ASTRONOMICAL PHYSICS.

My Lord, 11th December 1877.

WITH reference to your Lordship's letter of the 13th of August, enclosing copy of a Memorial from several eminent scientific men in favour of the establishment of an Institution for research in Astronomical Physics, and also an extract on the same subject from the Eighth Report of the Royal Commission on Scientific Instruction and the Advancement of Science, and requesting our opinion as to whether a start could not be made, and most of what is required by the memorialists in the way of accurate daily observations be accomplished, at a very trifling expense, by utilizing the advantages offered by the Chemical and Physical Laboratories, and the detachment of Royal Engineers at South Kensington, we have the honour to present the following Report:—

2. The work which it is desirable to undertake in relation to Astronomical Physics may conveniently be considered under two heads, inasmuch as the conditions for the most successful prosecution of these two kinds of work are in some respects radically distinct.

3. Under the first head comes all that involves experimental research (such for example as a comparison of the dark lines of the solar spectrum with the bright lines of metallic spectra), the perfecting of methods of observation, and even continuous observations of a temporary character, designed to answer some particular question suggested by the inquiry; the second consists of an approximately continuous record of solar phenomena, of the nature of a physical history of the Sun.

4. The first class of researches involves chemical and instrumental appliances which are liable to change as the progress of the research may indicate, in a manner which cannot always be foreseen. They therefore are best carried on

where the observer is within easy reach of instrument makers; and, if in the neighbourhood of an institution already possessing chemical and physical laboratories, with a suitable staff of skilled assistants, it is needless to observe that the facilities for carrying on such researches are much increased, and the attendant expenses diminished.

5. It is otherwise as regards the work of recording, as nearly continuously as may be, the changes that may be going on in the condition of the Sun. Here the methods of observation are supposed to have been already elaborated in the experimental department of the inquiry, and a leading condition for success is to be able to command a view of the Sun without any long-continued interruption from clouds. Though possibly bearing on Meteorology, these observations differ notably in their requirements from Meteorological observations in this respect, that whereas meteorological conditions change from place to place, and observations have to be taken in numerous localities, the aspect of the Sun (excepting, of course, the rare phenomenon of a *total* solar eclipse, the only kind of eclipse that can be utilised for these researches) is the same from whatever part of the Earth the Sun may be viewed; so that a very few observatories well-distributed in longitude, and chosen with special reference to clearness of atmosphere, would supply all that is required.

6. It is needless to say that the climate of the United Kingdom is not one which a person, having all the fairly civilised parts of the Earth to choose from, would naturally select for clearness of atmosphere. It is true that during a good part of the year frequent views of the Sun may be obtained. But the work of photographing the Sun and observing the prominences, has already been undertaken at the Royal Observatory, whereby such a history as this climate will permit is secured. One of us has had an interview with the Astronomer Royal, and we find that the reductions will shortly be brought up to date, and the results are already in course of publication.

7. But, while the climate of our own country is such that it would only be attempting what could be better done by other nations, to engage largely at home in continuous observations of the kind under consideration, some of the foreign possessions of England offer such rare advantages for carrying them on that the nation seems called upon to turn them to some account.

8. In Northern India, for example, we have the advantages of great elevation and a low latitude combined with a sufficient degree of civilization to render easy the inauguration of a series of systematic observations, though not the establishment of an institution for experimental research.

9. Moreover, the clearness of atmosphere, as judged by the eye, which frequently attends great elevations, is by no means the only advantage which such situations offer. If the varying condition of the sun does really affect the meteorological state of the earth, it can hardly be doubted that it must be mainly, if not exclusively, through a variation in the amount of heat radiation. The existence of such variations may possibly be inferred with greater or less probability from variations in the amount of sun spots, or other visible changes; but this could only be as the result of a long-continued series of observations, and even then the connection might remain more or less conjectural. The natural course would be to attempt a *direct* measure of solar radiation by some form of actinometer. The subject of actinometry is not sufficiently advanced to allow us to say at once what is the best form of instrument, and what the best mode of using it. But there is every reason to hope that a thoroughly satisfactory instrument could be devised after some further trial. Whenever the mode of observation shall have been completely settled it will become a matter of the utmost consequence to choose a station of great elevation, where as much as possible of the lower strata of the earth's atmosphere shall be got rid of. It is only in low latitudes that this advantage can be secured without going above the region of human habitations. This consideration again points distinctly to Northern India as a locality eminently suitable for continuous observations. It is true, indeed, that even on the southern slopes of the Himalayas, until very great elevations are attained, the sky is liable to be cloudy during a part of the year. But by crossing the chain we get into a region of high, and at the same time, inhabited table land, where the

the sky is almost constantly clear. The climate of such a place as Leh, for instance, would be in every way suitable, and eligible stations more easy of access could probably be found.

10. The occupation of such a station would be a matter of very moderate expense, for an intelligent sapper trained in this country could take the observations, and the instruments required are neither costly nor cumbersome. The observations would naturally be sent home for reduction.

11. This, however, implies that there should be some place at home where observers might be trained, and the observations they may afterwards send home be discussed and published in some form. We have already expressed our opinion that for those branches of the inquiry which are in any way of an experimental character, an establishment in our own country is preferable to one in India, or at a distance elsewhere; and the training of observers would best be carried on in connection with such an establishment, which might further be made a centre for collecting information as to observations already taken, which, at present, exist in a scattered form; in some cases unpublished; and as the results sent home from India, or other British possessions, ought to be reduced and published in some form, the publication might be accompanied by references to what is published in an accessible form elsewhere, or even by the publication of some hitherto unpublished observations, or a reprint of short scattered notices not easily accessible. In this the person or persons who may have the direction of the establishment might be much assisted by correspondence with the directors of continental observatories for Solar Physics.

12. The training of observers would necessitate the taking of observations of precisely the same kind as those which are to be carried on regularly in a more favourable climate, and photography for one purpose or another would constantly be going on. Hence the *additional* cost involved in taking photographs as nearly continuous as our climate would permit, would be so trifling, that we think the director of the establishment ought to be at full liberty to take them, in case he found that course more convenient than making use of the published results of similar observations taken at the Royal Observatory.

13. We are glad to find that in both of the directions we have indicated, namely, that of the establishment of an institution at home for the prosecution of the more experimental branches of the inquiry, and for the co-ordination of the results, and that of the inauguration of continuous observations in a more favourable climate by means of a small affiliated observatory, where observations could be carried on according to methods already elaborated, or which may hereafter be elaborated at home; a commencement has already been made. As to the former, Mr. Lockyer, whose name is so well known in connection with solar physics, has been enabled, by means of the appliances at his disposal at the South Kensington Museum, to engage in the construction of a highly elaborate map of the spectra of the chemical elements in connection with the spectrum of the Sun, a work of great labour, undertaken in concert with other observers both at home and abroad, among whom the task has been divided. As to the latter, arrangements have been made for sending out to India a highly intelligent sapper of the name of Meins, who has been trained by Mr. Lockyer, and will be employed in taking photographs of the Sun under the direction of Colonel Walker, with whom, of course, will rest the choice of his destination.

14. From inquiries we have made we have reason to believe that a great deal of additional valuable work could be done at South Kensington, and the requirements of the memorialists met, to a considerable extent, at a very moderate outlay. The chief wants appear to be an additional temporary assistant to Mr. Lockyer, at a salary, say, of 150 *l.*, an additional sapper whose services might be available when not on special duty, an allowance for chemicals and for photographic reductions, making together 250 *l.*, and some additional instruments.

15. The instruments more immediately wanting are a copying camera, costing about 25 *l.*, and one, the details of which have yet to be determined by the result of experiment, designed to take solar photographs on a greatly enlarged scale,

scale, the cost of which it would not be safe to put down at less than 300 *l.* These, we recommend, should be procured.

16. Whenever a fully equipped observatory for Astronomical Physics shall be determined on, it will be necessary to provide an equatorially mounted telescope of considerable power. Already the work is somewhat cramped in one direction, even as regards the Sun, from want of an instrument of greater power. It is estimated that a 10-inch refractor would suffice for the present wants, an instrument which might be purchased for, perhaps, 750 *l.*

17. Whether an instrument of this or greater power be procured now or at some future time not far distant, it would be desirable that one of the photo-heliographs provided by the Admiralty for the last transit of Venus, and now lying idle, should be placed at Mr. Lockyer's disposal till required for the next transit. It would not meet the want which the larger instrument is designed to supply, but would be useful for other purposes.

18. We have not made an estimate of the sum which would be required for the collection and publication of observations at present existing in only a scattered form. A very moderate outlay would suffice for making a beginning, which would be useful, as far as it went, and then a better judgment could be formed of the scale on which it would be desirable that this work should be carried on.

19. In conclusion, we would acknowledge the assistance we have received from General Strachey, who gave much valuable information as to the climatic conditions of India, discussed with us the conditions of our report, and authorised us to say that he concurred with us. We cannot, of course, pledge him to the details which were settled after his departure for India, but we have no reason to suppose that he would dissent.

We have, &c.
(signed) *G. G. Stokes.*
Balfour Stewart.

To the Right Hon. Viscount Sandon, M.P.

LETTER to Professor *Stokes*, M.A., LL.D., F.R.S.

Science and Art Department, London, S.W.
13th August 1877.

Sir,

The Lords of the Committee of Council on Education have received a Memorial (of which I enclose a copy) in favour of the establishment of an Institution, wherein research in Astronomical Physics may be carried on.

We are naturally desirous of forwarding by any means in our power the objects of a Memorial, which has received the adhesion of so many eminent men interested in this branch of science, and the importance of which has been strongly urged on the attention of Her Majesty's Government by the Royal Commission on Scientific Instruction and the Advancement of Science. As you may be aware, we have already acted upon the recommendations, on this head, of the Duke of Devonshire's Commission, as far as was possible, without any large expenditure, and without committing the Government, pending a complete discussion of the question, to any very elaborate scheme. This has been accomplished chiefly by taking advantage of the facilities for carrying on work of this nature, which already exist at South Kensington.

Although we are not at present in a position to consider the establishment of a Physical Observatory on a comprehensive scale, we believe that some advantages may be gained if a new class of observations can be made with the means already at command; since the best method of conducting a Physical Observatory may thus be worked out experimentally, and an outlay eventually avoided, which, without such experience, might have been considered necessary.

We are therefore desirous to know whether the additional observations to which the Memorialists refer, or a portion of them, can be conducted in the manner indicated; and we hope that you will, in conjunction with

Professor Balfour Stewart, F.R.S.,

favour us by considering and reporting on this matter.

An

An inspection of the work already in operation at South Kensington will show the kind of aid the Department can afford, and Major Donnelly, R.E., has been instructed to give you every assistance and information you may require in reference to your inquiry.

The special question, then, for your consideration will be whether much, if not all, that is required by the Memorialists in the shape of accurate daily observations, cannot be commenced and carried on at once, side by side with the work already being prosecuted, at a very trifling expense, by utilising the advantages offered by the Chemical and Physical Laboratories and the detachment of Royal Engineers at South Kensington. We are aware that additional instruments, and probably additional assistance will be required for the new work, but we are anxious to be fortified by your opinion as to the minimum expense for which a start can be made in observations calculated to be productive of useful results. We also desire to be informed how far you think it possible that, by conference with the Directors of the Physical Observatories now being erected near Paris and Berlin, the work might be so divided among the institutions as to secure the advantages of co-operation, and to obviate waste of power. With the same object My Lords would suggest that, if you should deem it desirable, the Astronomer Royal should be consulted. Should you be so good as to aid the Lords of the Committee of Council on Education with your advice in this matter, we propose to ask General Strachey, R.E., C.S.I., also to act with you, especially with a view to advising us as to how far any arrangements made at South Kensington may be worked with, or form part of the system of observations, which, we are informed, are in contemplation for India.

I have, &c.

Professor Stokes, M.A., LL.D., F.R.S. (signed) *Sandon.*

Note.—A similar letter to the above was addressed to Professor Balfour Stewart, F.R.S., on the 13th August 1877.

Enclosure No. 1.

MEMORIAL addressed to the Lords of the Committee of Council on Education.

May it please your Lordships,

WE, the undersigned, being workers in various departments of Science, are deeply interested in Astronomical Physics, and in the establishment by the British Government of an institution wherein this branch of research may be continuously promoted.

It is our opinion that an institution of this nature cannot fail to increase our knowledge of Chemistry and Physics, as well as to throw much light on the Physical history and changes of the earth.

We may be permitted to recall to your Lordships' recollection that, in the opinion of the recent Royal Commission on Scientific Instruction and the Advancement of Science, presided over by his Grace the Duke of Devonshire, an Observatory for Astronomical Physics should be established by the State, and that they confirmed their opinion as to the desirability of such an institution by quoting the example of foreign nations; Observatories for Astronomical Physics being already at work in various parts of Italy, and their immediate erection having been determined on at Berlin and at Paris.

The Lord President will also recollect that on the 2nd March 1876, a deputation from the Council of the British Association had an interview with his Grace, with a view of thus inducing the Government to adopt certain recommendations of the Royal Commission above mentioned.

The Lord President on that occasion gave some encouragement to our hopes by informing the deputation that with respect to Physical Observatories the Government had commenced to take action in the work connected with Astronomical Physics, by affording means for certain observations to be carried on at South Kensington.

Your Lordships are aware that in the opinion of a considerable number of scientific men there is much reason to believe that a more or less intimate connection exists between the state of the sun's surface and the meteorology of the earth. A recent investigation made into the recurrence of famines in India appears to strengthen this hypothesis, in so far as it indicates an eleven-yearly period of such occurrences, which is nearly of the same duration as that of sun-spot frequency. The cyclones in the Indian Ocean appear likewise, as far as observation goes, to have a somewhat similar period.

The establishment of the laws of this connection might ultimately open up the possibility of predicting the larger meteorological occurrences.

But while the evidence in favour of a connection of this nature appears to us to be accumulating, we need hardly remind your Lordships that this important scientific and practical question cannot be definitely set at rest without the aid of some such institution as that the establishment of which we now urge. And it appears to us that the present

moment is particularly suitable for such a step, inasmuch as an attempt is being made to place the scientific meteorology of this country on a better basis, and to encourage meteorological research, which, in our opinion, will more completely succeed if it be supplemented by the establishment of an Observatory for Solar Research.

For these reasons we beg to urge upon your Lordships that it is highly desirable that an Observatory for Astronomical Physics should be established by the State.

We have, &c.

(signed) *J. C. Adams.* *J. Clerk Maxwell.*
Thomas Andrews. *Arthur Mitchell.*
John Allan Broun. *Joseph Prestwich.*
Alexander Buchan. *H. E. Roscoe.*
William B. Carpenter. *Balfour Stewart.*
D. Milne Home. *William Thomson.*
James P. Joule.

Enclosure No. 2.

EXTRACTS from the EIGHTH REPORT of the Royal Commission on Scientific Instruction and the Advancement of Science.

UPON a Review of the whole of the Evidence relating to the subject of Astronomical Physics, we are of opinion that an Observatory for that branch of Science should be established by the State. In the study of Solar Physics, continuity of the observations is of the greatest importance; and, owing to our variable climate, continuous observations of the sun in this country are subject to peculiar difficulties, which should be duly considered in the choice of the site for such an Observatory. The neighbourhood of London is less favourable to Physical Observations than many other sites which might be found, and for this reason we should prefer that a Physical Observatory should be placed elsewhere than at Greenwich. On other grounds, also, we think that the Observatory for Astronomical Physics should be an Institution entirely distinct from any of the National Observatories for Mathematical Astronomy. The subject of Mathematical Astronomy is vast enough to occupy adequately the whole of the energies of a Director, and it is especially important that Astronomical Physics should have the undivided attention of the Head of an Observatory, because its methods, which are of very recent invention, are as yet incompletely developed, and because, depending as they do, on a continual comparison of celestial phenomena with the results of experiments in the laboratory, they are entirely different from those of Mathematical Astronomy.

Our opinion as to the desirability of such an Institution is confirmed by the example of Foreign Nations, Observatories for Astronomical Physics being already at work in various parts of Italy, and their immediate erection having been determined on at Berlin and at Paris.

We venture to express the hope that similar Institutions may before long be established in various parts of the British Empire. The regularity of the climatic conditions of India, and the possibility of there obtaining favourable stations at considerable heights, render it especially desirable that arrangements should be made for carrying on Physical Observations of the Sun in that country.

* * * * * *

Important Classes of Phenomena relating to Physical Meteorology and to Terrestrial and Astronomical Physics require Observations of such a character that they cannot be advantageously carried on otherwise than under the direction of the Government.

Institutions for the study of such Phenomena should be maintained by the Government; and, in particular, an Observatory should be founded specially devoted to Astronomical Physics, and an organisation should be established for the more complete Observation of Tidal Phenomena and for the Reduction of the Observations.

LETTER to General *Strachey*, R.E., C.S.I., F.R.S.

Science and Art Department, London, S.W.
25th August 1877.

Sir,

The previous letter and its enclosures.

WITH reference to the documents and correspondence, copies of which are enclosed herewith, the Lords of the Committee of Council on Education trust that you will consent to act on the Committee which has been formed to report on the question of physical observations, in order especially that we may have the advantage of your counsel and advice regarding the possible co-ordination of the solar work undertaken at South Kensington, with that which it is understood is about to be commenced in India.

I have, &c.
(signed) *Sandon.*

CORRESPONDENCE relating to Observations to be made in *India*.

Mr. Lockyer has communicated the following official correspondence to my Lords relating to the observations in India :—

India Office, Westminster, S.W.,
24th October 1877.

Sir,

WITH reference to my letters of the 31st August and 15th September, regarding the engagement of Mr. M. Meins, as solar photographer in India, I am directed by the Secretary of State for India to forward herewith, for your information, copy of a Despatch, which has been addressed by his Lordship to the Government of India, from which you will perceive what steps have been taken to carry out the suggestions and recommendations made by you with regard to the observation of solar phenomena in India.

I am also to acquaint you that a communication has been made to the Astronomer Royal from this office, requesting him to favour the Indian Government with the loan of a photoheliograph tube to replace the one about to be sent home for examination.

His Lordship considers that Mr. Meins should take with him a sufficient supply of chemicals to enable him to commence his observations with as little delay as possible on arrival in India. I am to request you, therefore, to be good enough to state what steps you would propose to take to ensure the provision of the necessary chemicals, and to charge yourself with the task of purchasing an adequate stock at a cost not exceeding 30 *l.*

I am to request you, in conclusion, to inform Mr. Meins that he should hold himself in readiness to proceed to Calcutta about the beginning of November, and that an advance of one month's pay, calculated at the exchange of 1 *s.* 9½ *d.* to the rupee, will be made to him.

I am, &c.
Louis Mallet.

J. Norman Lockyer, Esq., F.R.S.

To His Excellency the Right Honourable the Governor General of India in Council.

Geographical, No. 39.

My Lord, India Office, London, 28th September 1877.

Para. 1. WITH reference to your Industry, Science, and Art Despatch, No. 3, of 1877, dated 16th February, requesting that the instruments recently in use at Roorkee Observatory might be forwarded to this country, I have to acquaint you that I have received from Mr. Lockyer, well known in connection with the study of solar physics, a Memorandum* on the subject of the photoheliograph, a copy of which is forwarded herewith.

* Dated 26th June 1877.

2. Having considered the suggestions made by Mr. Lockyer, and viewing the fact that a study of the condition of the sun's disc in relation to terrestrial phenomena has become an important part of physical investigation, I have thought it desirable to assent to the employment, for a limited period, of a person qualified to obtain photographs of the sun's disc by aid of the instrument now in India, on the terms explained in the letter† that I have caused to be addressed to Mr. Lockyer, a copy of which is enclosed.

† Dated 15th September 1877.

3. The photographer engaged for this duty will leave this country about the beginning of November, and on arrival may probably be best placed under the orders of the Superintendent of the Trigonometrical Survey, who, in communication with Colonel Tennant, might propose, for the consideration of your Excellency's Government, the detailed measures for giving effect to the plan of operations suggested by Mr. Lockyer.

4. It will be distinctly understood that the expense of making these observations shall be restricted to what is essential for obtaining the photographs, and that no outlay is contemplated for buildings or other appliances other than of a purely temporary character, the cost of which will be comparatively insignificant. The photographs will be sent to this country for future examination.

5. The stand of the photoheliograph will be retained in India, and a fresh tube will be sent there to replace that used by Colonel Tennant, which should be sent here as proposed. The other instruments may also be sent to England, and will be placed in the custody of the Science and Art Department, which has offered to take charge of them.

I have, &c.
(signed) *Salisbury.*

Enclosure No. 1.

MEMORANDUM.

26th June 1877.

IN accordance with the request made to me, I beg to send the following remarks on the Despatches dealing with the Indian instruments :—

1. Let me premise that solar research is now being specially carried on in Europe at—

(1.) Potsdam, in the new Sonnenwarte.
(2.) Paris, in the new physical observatory.
(3.) Rome and Palermo.
(4.) South Kensington, in connection with the Science and Art Department.
(5.) At Greenwich, Wilna, and other places it is carried on in a less special way.

2. In these European observatories, however, especially in the more northern ones, we are attempting to make bricks without straw, that is, the climate is such that the observations are often interrupted, at times for weeks together, while, in addition to this, in winter the sun's altitude is so small that fine work is impossible.

3. While this state of things holds in Europe, in India, on the other hand, one has an unlimited and constant supply of the *raw material*, by which I mean that here one can, if one chooses, obtain observations of the finest quality in sufficient quantity all the year round. I may even go further, and say that, limiting my remark to English ground, we have in India a *monopoly* of the raw material.

4. I learn from the papers sent to me that, although most of the necessary instruments are already out in India, there is no immediate prospect of the establishment of a solar observatory on an extended scale for the purpose of securing observations over the whole field.

5. Although students of science cannot but regret that this is so, still there is no doubt that the new European establishments to which I have referred, and the proposed Russian observatory north of the Himalayas, render observations in India, over the whole field, of less vital importance than they were when the Indian observatory was first suggested.

6. I beg permission, however, to urge that what we most want now, and what we cannot get satisfactorily in Europe, can be supplied by India without the erection of an observatory in the sense in which that word occurs in the Despatches, and at an outlay which need not exceed, let us say, 300 *l.* a year.

7. I refer to daily photographs of the sun's disc, which for the present, at least, can be obtained by the photoheliograph already in India. An intelligent sapper, with a slight knowledge of photography, when he is once set going, can take these as well as a highly paid astronomer, hence the small outlay for which I know such records may be secured.

8. I trust the Government of India may be pleased to receive this suggestion with favour; should they do so, such a photographer can easily be found in India, where I know also there are many able and willing to set him fairly at his daily work.

9. But if any difficulty is anticipated on this score, and it be necessary to fall back on this country, then, if permitted, I will endeavour, free of all expense to the Indian Government, to obtain and train such a man, and indeed I have such an one already to my hand, my present assistant sapper Meins, who obtains his discharge shortly, and is willing to proceed to India for a period of two years.

10. Further, if considered desirable, I would willingly receive reports from him, and in this way test and control his work for the first two years while in India.

11. The accompanying memorandum from Major Donnelly also indicates that the reduction of the photographs (the working up of the "raw material"), which I would also, if desired, superintend, may possibly be secured without any expense to the Indian Government.

12. Supposing

12. Supposing such a series of photographs started, the stand of the photoheliograph might remain in India, and the tube only be transmitted to the Astronomer Royal after another had been sent out, which has already been examined for distortion of image.

The other instruments should certainly come home at once. If not contrary to Indian regulations, I would beg to be allowed the use of them for a limited period. I am authorised to state that they would be held in charge by the Science and Art Department, and would be most carefully looked after.

My remarks are longer than I intended; I hope this freedom may be forgiven. I know I am second to many in the value of the advice I can give, but I am second to none in the anxiety I feel for the progress of this work.

I have, &c.
(signed) *J. Norman Lockyer.*

Enclosure No. 2.

The Lords of the Committee of Council on Education are now considering how and to what extent physical observations may be carried out with advantage at South Kensington.

If they see their way to do this, the reduction of Indian observations, supposing these to be taken at the expense of the Indian Government, would form a very proper part of such action.

Lord Sandon has authorised the above being communicated to Mr. Lockyer.

(signed) *J. F. D. Donnelly*, Major,
Royal Engineers.

25th June 1877.

— No. 2. —

The Duke of *Devonshire* to the Duke of *Richmond and Gordon.*

Chatsworth, Chesterfield,
November 20th, 1878.

My dear Duke,

I HAVE been asked, as Chairman of the Royal Commission which sat a few years ago on the Advancement of Science, to write to you on the subject of a Report "On Observations in Astronomical Physics," addressed to Lord Sandon, and dated 11th December 1877.

This Report was drawn up by a small Committee, consisting of Professors Stokes and Balfour Stewart, and General Strachey, which had been appointed by Lord Sandon to consider certain proposals in a Memorial addressed to the Committee of Council on Education. The recommendations contained in this report involved such a very trifling expenditure that hopes were generally entertained that the Government would consider them favourably. But as nearly a year has now elapsed since the Report was presented, it is feared that the matter has been overlooked, and I have accordingly been requested to apply to you, and to express a hope that the Report in question will receive the early attention of the Government.

I am, &c.
(signed) *Devonshire.*

The Duke of Richmond and Gordon.

— No. 3. —

The Secretary, Science and Art Department, to Professor *G. G. Stokes*, F.R.S.

Science and Art Department, London, S. W.,
1st day of March 1879.

Sir,

I AM directed by the Lords of the Committee of Council on Education to transmit the enclosed draft Minute with reference to observations in Astronomical Physics, and to request that you will inform me whether you will give the benefit of your services on the proposed Committee.

The Lords Commissioners of Her Majesty's Treasury have sanctioned an honorarium of 150*l.* being offered to you to cover your travelling and other expenses for a year.

I am, &c.

Professor G. G. Stokes, F.R.S., (signed) *Norman MacLeod.*
Lensfield Cottage, Cambridge.

Note.—A similar letter to the above was addressed to Professor Balfour Stewart on the 27th February 1879.

Enclosure No. 3.

Science and Art Department of the Committee of Council on Education, South Kensington.

At South Kensington, the 28th day of February 1879.

By the Right Honourable the Lords of the Committee of Her Majesty's Most Honourable Privy Council on Education.

My Lords consider the Report made by Professor Stokes, Sec., R.S., Professor Balfour Stewart, F.R.S., and General Strachey, R.E., C.S.I., F.R.S., on Observations in Astronomical Physics, with the documents relating thereto, which were referred to them, viz.:—The Eighth Report of the Royal Commission on Scientific Instruction and the Advancement of Science, as far as relates to such Observations; the Memorial addressed to my Lords by Professor J. C. Adams and twelve other eminent Astronomers and Physicists; and the correspondence with the India Office on the same subject: They consider also the representations made, in March 1876, by a deputation from the Council of the British Association to his Grace the Lord President, with a view to induce the Government to adopt the above-mentioned recommendations of the Royal Commission.

The Lords Commissioners of Her Majesty's Treasury having assented to the provision in the Estimates of the Science and Art Department for the year 1879-80 of a small sum to defray the expenses of a Committee to advise on the methods of carrying on the Observations, &c., my Lords direct that Professors Stokes and Balfour Stewart shall be requested to act thereon; and that the Committee shall consist of those gentlemen with Mr. Norman Lockyer, F.R.S., and Captain Abney, R.E., F.R.S. They also direct that Lieut. Colonel Donnelly, R.E., be associated with the Committee for administrative purposes.

It does not appear advisable to frame detailed instructions for the Committee at the present time, but rather to leave it to them to carry forward, as far as may be, the recommendations contained in the Report made by Professors Stokes and Balfour Stewart, and General Strachey, with the funds provided in the Estimates, supplemented by such instruments as are furnished by the India Office, or the Astronomer Royal, or from the Science Collections of the Department. They will also receive such assistance as can be afforded by the Staff of the Department and in the Laboratories of the Science School.

The Committee will see that one of their first duties will be to arrange for the reduction of the Indian Observations: and they are authorised to place themselves in communication with the India Office on the subject.

My Lords will request General Strachey, on his return from India, to associate himself with the Committee.

— No. 4. —

Professor *Balfour Stewart*, F.R.S., to Mr. *G. F. Duncombe.*

Owens College, Manchester,
Sir, 1st March 1879.

In reply to your letter to me of February 27th, I beg to inform you that it will give me much pleasure to serve on the proposed Committee with reference to Observations in Astronomical Physics.

I am, &c.

G. F. Duncombe, Esq. (signed) *B. Stewart.*

— No. 5. —

Professor *G. G. Stokes*, F.R.S., to the Secretary, Science and Art Department.

Lensfield Cottage, Cambridge,
4th March 1879.

Sir,

I HAVE the honour to acknowledge the receipt of your letter, dated the 1st instant, enclosing copy of a draught Minute of the Lords of the Committee of Council on Education relative to Observations on Solar Physics, and inquiring whether I would be willing to serve on a Committee named therein.

In reply, I beg leave to say that I should be ready to give the subject my serious consideration, and to meet my colleagues from time to time at the South Kensington Museum to consult with them.

I understand, however, that one of the duties of the Committee will be to inaugurate, on a small scale, and by way of trial, a system of observations at the South Kensington Museum. The successful carrying out of these would involve a good deal of personal superintendence. This part of the work I could not undertake. Yet I feel it to be so important a part of the scheme that I should be unwilling to be a member of the Committee unless there were some member who would undertake it. Mr. Lockyer, who has had such experience in everything that relates to Solar Spectroscopy, and who is resident in South Kensington, is the proposed member to whom we should naturally look for the requisite personal superintendence. I should wish, therefore, to make my consent to act as a member of the Committee contingent on Mr. Lockyer's willingness to undertake the part of the duties which I have indicated.

I am, &c.
(signed) *G. G. Stokes.*

To the Secretary,
Science and Art Department,
South Kensington.

SOLAR PHYSICS, &c.

COPY of Correspondence and Papers relating to a Committee to Report on the Method of conducting Observations in Solar Physics (Civil Service Estimates, Class 4, Vote 2, G: 2).

(*Lord Lindsay.*)

Ordered, by The House of Commons, *to be Printed,*
13 *May* 1879.

179.

Under 2 *oz.*

EAST INDIAN ARMY.

RETURN to an Address of the Honourable The House of Commons, dated 17 December 1878;—*for*,

"RETURN showing Rank and Names of the BRITISH OFFICERS serving with each Regiment of NATIVE CAVALRY and INFANTRY employed in or moved for the AFGHAN CAMPAIGN of 1878 on the 1st day of September 1878, either in the Advanced Columns or in their Support, with Names of the Officers subsequently attached to each, and the Casualties amongst them, made up to the 31st day of December 1878."

India Office,
14th July 1879.

EDWARD STANHOPE,
Under Secretary of State for India.

(No. 186 of 1879—Military Department.)

To the Right Honourable Viscount *Cranbrook*, Her Majesty's Secretary of State for India.

My Lord,

IN reply to your Lordship's Military Despatch, No. 1, dated the 9th January last, we have the honour to transmit herewith, for the information of Her Majesty's Government, a "Return showing the rank and names of the British officers serving with each regiment of Native Cavalry and Infantry employed in or moved for the Afghan Campaign of 1878, on the 1st day of September 1878, either in the advanced columns or in support, with the names of the officers subsequently attached to each, and the casualties amongst them, made up to the 31st day of December 1878."

2. We have also the honour to transmit a numerical abstract of the above Return, in which is shown the average number of British officers with Native regiments of Cavalry and Infantry, of those that became non-effective, and of those that remained on the 31st December 1878.

We have, &c.
(signed) *Lytton.*
F. P. Haines.
A. J. Arbuthnot.
A. Clarke.
J. Strachey.
E. B. Johnson.
W. Stokes.
A. R. Thompson.

Simla, 9th June 1879.

EAST INDIAN ARMY.

RETURN showing the Rank and Names of the BRITISH OFFICERS serving with each Regiment of NATIVE CAVALRY and INFANTRY, employed in or moved for the AFGHAN CAMPAIGN of 1878, on the 1st day of September 1878, either in the Advanced Columns or in Support, with Names of the Officers subsequently attached to each, and the Casualties amongst them, made up to the 31st day of December 1878.

DATE.	Name of the Regiment.	Station from which it was moved for the War.	To which Force attached.		Rank and Names of the British Regimental Officers (including Staff Corps).	If become Non-effective, give Cause.	DATE.
From 1 September to 31 December 1878.	8th Bengal Cavalry - - (Late 18th Irregular Cavalry.)	Mooltan - -	1st Division, Kandahar Force - Lieutenant General Stewart's Force.	*Present on 1 September 1878.*			
				1	Colonel - - B. W. Ryall, Staff Corps - -	Still effective on 1 January 1879.	
				2	Major - - H. Chapman „ - -	- - *ditto* - - ditto.	
				3	Captain - - A. F. Lindsay „ - -	- - ditto - - ditto.	
				4	Ditto - - J. A. McNeale, General List, Infantry.	- - ditto - - ditto.	
				5	Lieutenant - - J. L. Aberigh-Mackay, Staff Corps.	Sick at Mooltan to 1 January 1879 -	30 Oct. 1878
				6	Ditto - - G. H. Lumsden, 43rd Foot (on probation).	Still effective on 1 January 1879.	
				Subsequently joined.			
				7	Lieutenant - - F. G. Pollock, 51st Foot (on probation).	Appointed to the Corps. Joined - - Still effective on 1 January 1879.	1 Nov. 1878
				8	Ditto - - J. F. D. Fordyce, Staff Corps -	Rejoined from furlough - - - Still effective on 1 January 1879.	- Nov. 1878
From 1 September to 31 December 1878.	10th Bengal (The Duke of Cambridge's Own) Lancers. (Late 2nd Regiment, Hodson's Horse.)	Umballa -	2nd Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.	*Present on 1 September 1878.*			
				1	Major - - - O. Barnes, Staff Corps - -	Still effective on 1 January 1879.	
				2	Lieutenant - - E. J. F. Wood, Staff Corps -	Transferred to 19th Bengal Lancers -	27 Sept. 1878
				3	Ditto - - C. E. Pollock, 1–6th Foot (on probation).	Still effective on 1 January 1879.	
				4	Ditto - - F. H. R. Drummond, 109th Foot (on probation).	- - ditto - - ditto.	
				Subsequently joined.			
				5	Colonel - - C. H. Palliser, C.B., Staff Corps	Rejoined from privilege leave - - Appointed Brigadier General, Kandahar Force.	- Oct. 1878 2 Nov. 1878
				6	Captain - - S. D. Barrow, Staff Corps - -	Rejoined from Field Service - - Still effective on 1 January 1879.	2 Nov. 1878
				7	Lieutenant - - A. Burlton-Bennett, Staff Corps	Rejoined from Field Service - - At Nowshera to 1 January 1879.	- Dec. 1878

						Present on 1 *September* 1878.			
From 1 September to 31 December 1878.	11th (Prince of Wales' Own) Bengal Lancers. (Late 1st Sikh Cavalry.)	Nowshera -	1st Division Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.	1	Major - -	R. E. Boyle, Staff Corps - -	Sick at Peshawar - - -	- Nov.	1878
							Rejoined regiment - - -	- Dec.	1878
							Still effective on 1 January 1879.		
				2	Ditto - -	A. H. Prinsep, late 4th E.L.C. -	- - ditto - - ditto.		
				3	Captain - -	W. I. Bax, General List, Infantry	- - ditto - - ditto.		
				4	Lieutenant - -	H. H. R. Heath, Staff Corps -	On privilege leave - - - -	12 Sept.	1878
							Rejoined - - - - - -	10 Nov.	1878
							Still effective on 1 January 1879.		
				5	Ditto - -	H. T. G. Burne, Staff Corps -	- - ditto - - ditto.		
						Subsequently joined.			
				6	Lieutenant - -	S. B. Beatson, Staff Corps - -	Rejoined from general leave - -	13 Sept.	1878
							Still effective on 1 January 1879.		
				7	Captain - -	S. A. Swinley, General List Cavalry.	Rejoined from privilege leave - -	9 Oct.	1878
							Still effective on 1 January 1879.		
						Present on 1 *September* 1878.			
From 1 September to 31 December 1878.	12th Bengal Cavalry - - (Late 2nd Sikh Cavalry.)	Jhelum -	Koorum Force - - - - Major General Roberts' Force.	1	Lieut.-Colonel -	H. H. Gough, C.B., V.C., Staff Corps.	Still effective on 1 January 1879.		
				2	Ditto - -	H. A. McNair, Bengal Infantry -	- - ditto - - ditto.		
				3	Captain - -	J. H. Green, Staff Corps - -	- - ditto - - ditto.		
				4	Ditto - -	M. J. Moore, General List Cavalry.	- - ditto - - ditto.		
				5	Lieutenant - -	W. B. Wilson, Staff Corps -	- - ditto - - ditto.		
						Subsequently joined.			
				6	Lieutenant - -	J. B. Lynch, Staff Corps - -	Rejoined from privilege leave - -	- Oct.	1878
							Still effective on 1 January 1879.		
				7	Ditto - -	W. W. Lean, Staff Corps - -	Appointed to the Corps. Joined - -	- Oct.	1878
							Still effective on 1 January 1879.		
						Present on 1 *September* 1878.			
From 1 September to 31 December 1878.	13th Bengal Lancers - - (Late 4th Sikh Cavalry.)	Rawal Pindi -	2nd Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.	1	Major - - -	C. R. Pennington, Staff Corps -	Still effective on 1 January 1879.		
				2	Lieutenant - -	G. W. Deane, Staff Corps - -	- - ditto - - ditto.		
				3	Ditto - -	A. R. Murray, Staff Corps -	- - ditto - - ditto.		
						Subsequently joined.			
				4	Major - - -	W. H. Macnaghten, late 5th E.L.C.	Rejoined from furlough - - -	10 Sept.	1878
							Still effective on 1 January 1879.		
				5	Captain - -	H. E. Ryves, Staff Corps - -	Rejoined from privilege leave - -	17 Sept.	1878
							Commanding Depôt at Rawal Pindi to 1 January 1879.		
				6	Lieut. Colonel	R. C. Low, late 4th E.L.C. -	Rejoined from privilege leave - -	13 Oct.	1878
							Still effective on 1 January 1879.		
				7	Lieutenant - -	F. S. Gwatkin, Staff Corps -	Rejoined from privilege leave - -	10 Oct.	1878
							Still effective on 1 January 1879.		
				8	Captain	A. P. Broome, General List Infantry.	Rejoined from privilege leave - -	15 Oct.	1878
							Appointed Brigade Major, Peshawar Valley Force.		
				9	Ditto -	J. F. Carthew, Staff Corps	Rejoined from furlough - -	- Dec.	1878
							Still effective on 1 January 1879.		

RETURN showing the Rank and Names of the British Officers serving in each Regiment of Native Cavalry and Infantry, employed in or moved for the Afghan Campaign of 1878, &c.—*contd.*

DATE.	Name of the Regiment.	Station from which it was moved for the War.	To which Force attached.		Rank and Names of the British Regimental Officers (including Staff Corps).	If become Non-effective, give Cause.	DATE.
From 1 September to 31 December 1878.	19th Bengal Lancers (Late Fane's Horse.)	Meean Meer	1st Division, Kandahar Force Lieutenant General Stewart's Force.		*Present on* 1 *September* 1878.		
				1	Colonel — W. Fane, C.B., Madras Staff Corps.	Appointed Brigadier General, Kandahar Force.	1 Oct. 1878
				2	Captain — G. M. Abbott, Staff Corps	Still effective on 1 January 1879.	
				3	Lieutenant — E. A. Young, Staff Corps	— ditto — ditto.	
				4	Ditto — H. S. Massey, Staff Corps	— — ditto — ditto.	
					Subsequently joined.		
				5	Captain — W. W. Biscoe, General List, Cavalry.	Rejoined from privilege leave — Still effective on 1 January 1879.	2 Oct. 1878
				6	Lieutenant — S. D. Gordon, 72nd Foot (on probation).	Rejoined from privilege leave — On recruiting duty to 1 January 1879.	3 Oct. 1878
				7	Ditto — E. J. F. Wood, Staff Corps	Appointed to the Corps. Joined — Still effective on 1 January 1879.	3 Oct. 1878
				8	Major — A. G. Owen, Staff Corps	Rejoined from furlough — Still effective on 1 January 1879.	4 Nov. 1878
				9	Lieutenant — E. Bruce, Staff Corps	Rejoined from furlough — Detached at Sukkur to 1 January 1879.	5 Nov. 1878
From 1 September to 31 December 1878.	2nd (Queen's Own) Regiment of Native Infantry. (Late 31st Native Infantry.)	Meean Meer	At Kohat		*Present on* 1 *September* 1878.		
				1	Colonel — W. B. Shawe, Bengal Infantry	Still effective on 1 January 1879.	
				2	Lieutenant — C. W. Monypenny, Staff Corps	— ditto — ditto.	
					Subsequently joined.		
				3	Captain — J. A. D. Gordon, General List, Infantry.	Rejoined from privilege leave — Still effective on 1 January 1879.	29 Sept. 1878
				4	Lieutenant — S. C. F. Peile, Staff Corps	Rejoined from general leave — On 10 days' recreation leave from	15 Oct. 1878 — 26 Dec. 1878
				5	Lieut. Colonel — T. N. Baker, Staff Corps	Rejoined from privilege leave — Still effective on 1 January 1879.	24 Oct. 1878
				6	Lieutenant — W. K. Downes, 1-18th Foot (on probation).	Rejoined from Instruction, 1-25th Foot	— Oct. 1878
				7	Ditto — F. E. C. H. Gordon-Cumming, 2-22nd Foot (on probation).	Appointed to the Corps. Joined — Still effective on 1 January 1879.	11 Dec. 1878
From 1 September to 31 December 1878.	6th Regiment of Native Infantry. (Late 43rd Native Infantry.)	Lucknow	3rd Infantry Brigade, 2nd Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.		*Present on* 1 *September* 1878.		
				1	Colonel — G. H. Thompson, Staff Corps	Still effective on 1 January 1879.	
				2	Captain — W. Atkins, General List, Infantry	— ditto — ditto.	
				3	Ditto — W. J. A. Birch, Staff Corps	— ditto — ditto.	
				4	Lieutenant — C. H. Westmorland, Staff Corps	— ditto — ditto.	
					Subsequently joined.		
				5	Lieutenant — H. R. Tate, 1-3rd Foot (on probation).	Appointed to the Corps. Joined — Still effective on 1 January 1879.	6 Oct. 1878
				6	Ditto — L. M. Boileau, Staff Corps	Rejoined from furlough — Still effective on 1 January 1879.	28 Nov. 1878

					Present on 1 *September* 1878.				
				1	Colonel - -	R. H. Price, Staff Corps - -	Privilege leave from - - -	15 Sept.	1878
							Rejoined - - - - -	25 Oct.	1878
							On leave medical certificate from - to 1 January 1879.	29 Nov.	1878
				2	Captain - -	H. S. Anderson, General List, Infantry.	Still effective on 1 January 1879.		
				3	Lieutenant - -	J. W. E. Angelo, Staff Corps -	- - ditto - - ditto.		
				4	Captain - -	A. G. Hartshorne, General List, Infantry.	On command at Fort Ludhiana - -	- Sept.	1878
							Rejoined - - - - - -	- Oct.	1878
							Still effective on 1 January 1879.		
					Subsequently joined.				
From 1 September to 31 December 1878.	12th (The Khelat-i-Ghilzai) Regiment of Native Infantry. (Late Regiment of Khelat-i-Ghilzai.)	Jullunder - -	2nd Infantry Brigade, 1st Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.	5	Lieut. Colonel -	W. Macdonald, Staff Corps -	Rejoined from privilege leave - -	8 Sept.	1878
							Still effective on 1 January 1879.		
				6	Lieutenant - -	J. F. Worlledge, 45th Foot (on probation).	Rejoined from privilege leave - -	17 Sept.	1878
							In charge of sick at Quetta to 1 January 1879.		
				7	Ditto - - -	A. F. Barrow, Staff Corps - -	Rejoined from general leave - -	8 Oct.	1878
							Still effective on 1 January 1879.		
				8	Captain - -	A. Oldham, General List, Infantry.	Rejoined from furlough - - -	11 Nov.	1878
							Still effective on 1 January 1879.		
					Present on 1 *September* 1878.				
				1	Captain - -	J. G. Maclean, General List, Infantry.	Wounded at Ali Musjid - - -	21 Nov.	1878
							In arrest on 1 January 1879.		
				2	Ditto - - -	J. Cook, Staff Corps - - -	Transferred to 27th Native Infantry -	27 Nov.	1878
							Rejoined - - - - - -	29 Dec.	1878
							Still effective on 1 January 1879.		
				3	Major - - -	W. Campbell, late 71st Native Infantry.	- - ditto - - ditto.		
From 1 September to 31 December 1878.	14th (The Ferozepore) Regiment of Native Infantry. (Late Regiment of Ferozepore.)	Peshawar - -	3rd Infantry Brigade, 1st Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.	4	Lieutenant - -	J. W. Hogge, Staff Corps - -	- - ditto - - ditto.		
					Subsequently joined.				
				5	Lieutenant - -	C. J. Jamieson, Staff Corps -	Rejoined from privilege leave - -	2 Sept.	1878
							Still effective on 1 January 1879.		
				6	Major - - -	R. A. Wauchope, Staff Corps -	Rejoined from privilege leave - -	2 Sept.	1878
							Still effective on 1 January 1879.		
				7	Lieut. Colonel -	L. H. Williams, Staff Corps -	Rejoined from furlough - - -	18 Nov.	1878
							Still effective on 1 January 1879.		
					Present on 1 *September* 1878.				
				1	Colonel - -	R. Barter, Staff Corps - -	Appointed Brigadier General, 1st Infantry Brigade, Kandahar Force.	24 Oct.	1878
				2	Captain - -	D. W. Inglis, General List, Infantry.	Still effective on 1 January 1879.		
				3	Ditto - - -	R. E. S. Smyth, General List, Infantry.	- - ditto - - ditto.		
				4	Ditto - - -	F. A. Remmington, Staff Corps -	- - ditto - - ditto.		
				5	Lieutenant - -	H. A. Abbott, Staff Corps - -	- - ditto - - ditto.		
From 1 September to 31 December 1878.	15th (The Loodianah) Regiment of Native Infantry. (Late Regiment of Loodianah.)	Sialkot - -	1st Infantry Brigade, 1st Division, Kandahar Force. Lieutenant General Stewart's Force.		*Subsequently joined.*				
				6	Major - - -	G. R. Hennessy, Staff Corps -	Rejoined from privilege leave - -	5 Sept.	1878
							Still effective on 1 January 1879.		
				7	Lieutenant - -	R. C. Hadow, Staff Corps - -	Rejoined from privilege leave - -	29 Sept.	1878
							Still effective on 1 January 1879.		
				8	Captain - -	A. J. Nicholson, General List, Infantry.	Appointed to the Corps. Joined - -	- Oct.	1878
							At Depôt Sialkot to 1 January 1879.		

RETURN showing the Rank and Names of the British Officers serving with each Regiment of Native Cavalry and Infantry, employed in or moved for the Afghan Campaign of 1878, &c.—*cont^d.*

DATE.	Name of the Regiment.	Station from which it was moved for the War.	To which Force attached.		Rank and Names of the British Regimental Officers (including Staff Corps).		If become Non-effective, give Cause.	DATE.
From 1 September to 31 December 1878.	19th (Punjab) Regiment of Native Infantry. (Late 7th Punjab Infantry.)	Mooltan - -	1st Infantry Brigade, 2nd Division, Kandahar Force. Lieutenant General Stewart's Force.		*Present on 1 September 1878.*			
				1	Colonel - -	E. B. Clay, Staff Corps - -	Still effective on 1 January 1879.	
				2	Major - - -	A. Copland, Staff Corps - -	On Command at Quetta to 1 January 1879.	
				3	Lieutenant - -	H. T. Faithfull, Staff Corps -	Still effective on 1 January 1879.	
				4	Ditto - -	W. S. Hewett, 1-14th Foot (on probation).	On Command at * *(Sieinorig.)*	
					Subsequently joined.			
				5	Captain - -	J. E. Waller, General List, Infantry.	Rejoined from privilege leave - - Still effective on 1 January 1879.	3 Oct. 1878
				6	Ditto - -	W. H. Browne, Staff Corps -	Appointed to the Corps. Joined -	- Sept. 1878
				7	Lieutenant - -	W. S. Marshall, 40th Foot (on probation).	Appointed to Corps. Joined - - On Command at Quetta, to 1 January 1879.	- Nov. 1878
From 1 September to 31 December 1878.	20th (Punjab) Regiment of Native Infantry. (Late 8th Punjab Infantry.)	Peshawar -	1st Infantry Brigade, 1st Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.		*Present on 1 September 1878.*			
				1	Lieut.-Colonel -	R. G. Rogers, Staff Corps - -	Still effective on 1 January 1879.	
				2	Major - - -	H. W. Gordon, Staff Corps -	- - ditto - - ditto.	
				3	Ditto - -	J. Bartleman, Staff Corps - -	Proceeded on furlough - - -	16 Sept. 1878
				4	Captain - -	G. M. D. Hill, General List, Infantry.	Still effective on 1 January 1879.	
					Subsequently joined.			
				5	Captain - -	W. H. Meiklejohn, General List, Infantry.	Returned from general leave - - Still effective on 1 January 1879.	16 Sept. 1878
				6	Ditto - -	L. B. Irwin, Staff Corps - -	Returned from privilege leave - - Furlough to Europe - - - Rejoined - - - - Still effective on 1 January 1879.	21 Sept. 1878 24 Sept. 1878 4 Oct. 1878
				7	Lieutenant - -	W. O. Harris, Staff Corps - -	Returned from privilege leave - -	9 Oct. 1878
				8	Ditto - -	W. C. Faithfull, 1-6th Foot (on probation).	Appointed to the Corps. Joined - - Still effective on 1 January 1879.	- Nov. 1878

From 1 September to 31 December 1878.	21st (Punjab) Regiment of Native Infantry. (Late 9th Punjab Infantry.)	Rawal Pindi -	2nd Infantry Brigade, Koorum Force. Major General Roberts' Force.		*Present on 1 September 1878.*			
				1	Colonel - -	J. B. Thelwall, C.B., Staff Corps -	Appointed Brigadier General, 2nd Infantry Brigade, Koorum Force.	20 Nov. 1878
				2	Captain - -	J. G. T. Carruthers, General List, Infantry.	Privilege leave - - - - -	13 Sept. 1878
							Rejoined - - - - - -	3 Oct. 1878
							Still effective on 1 January 1879.	
				3	Lieutenant (now Captain).	H. H. Swetenham, Staff Corps -	Still effective on 1 January 1879.	
					Subsequently joined.			
				4	Lieutenant - -	W. H. Young, 67th Foot (on probation).	Appointed to the Corps. Joined -	2 Sept. 1878
							Still effective on 1 January 1879.	
				5	Captain - -	G. H. C. Dyce, Staff Corps -	Rejoined from privilege leave - -	10 Sept. 1878
							Still effective on 1 January 1879.	
				6	Captain (now Major).	F. W. Collis, Staff Corps - -	Rejoined from privilege leave - -	7 Oct. 1878
							Still effective on 1 January 1879.	
				7	Lieutenant - -	C. M. Fitzgerald, Staff Corps -	Rejoined from general leave - -	15 Oct. 1878
							Still effective on 1 January 1879.	
From 1 September to 31 December 1878.	23rd (Punjab) Regiment of Native Infantry (Pioneers). (Late 15th Punjab Infantry.)	Simla - -	2nd Infantry Brigade, Koorum Force. Major General Roberts' Force.		*Present on 1 September 1878.*			
				1	Lieut. Colonel -	A. A. Currie, Staff Corps - -	Still effective on 1 January 1879.	
				2	Captain (afterwards Major).	A. D. Anderson, Staff Corps -	Killed in action at the Peiwar Kotal -	2 Dec. 1878
				3	Captain - -	H. Paterson, Staff Corps - -	Still effective on 1 January 1879.	
				4	Ditto - -	S. V. Gordon, Staff Corps - -	- - ditto - - ditto.	
				5	Lieutenant - -	D. Chesney, Staff Corps - -	- - ditto - - ditto.	
				6	Ditto - -	A. E. Jones, Staff Corps - -	- - ditto - - ditto.	
					Subsequently joined.			
				7	Lieutenant - -	V. G. L. Eyre, Staff Corps -	Rejoined from privilege leave - -	24 Sept. 1878
							Still effective on 1 January 1879.	
From 1 September to 31 December 1878.	24th (Punjab) Regiment of Native Infantry. (Late 16th Punjab Infantry.)	Jhansi - -	1st Infantry Brigade, 2nd Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.		*Present on 1 September 1878.*			
				1	Lieut. Colonel -	F. B. Norman, Staff Corps -	Still effective on 1 January 1879.	
				2	Captain - -	E. Stedman, Staff Corps - -	- - ditto - - ditto.	
				3	Lieutenant - -	H. R. Marrett, Staff Corps -	- - ditto - - ditto.	
				4	Ditto - -	J. G. Ramsay, Staff Corps - -	Privilege leave - - - - -	17 Oct. 1878
							Rejoined - - - - - -	- Nov. 1878
							Still effective on 1 January 1879.	
					Subsequently joined.			
				5	Lieutenant - -	J. J. Money-Simons, Staff Corps	Rejoined from privilege leave - -	- Sept. 1878
							Garrison Class, Agra. Rejoined -	27 Sept. 1878
							Transport duty at Mooltan - - -	- Oct. 1878
							to 1st January 1879.	
				6	Ditto - -	P. H. Wallerstein, Staff Corps -	Rejoined from Staff employ - -	- Oct. 1878
							On Sick List - - - - -	- Dec. 1878
							to 1 January 1879.	

RETURN showing the Rank and Names of the British Officers serving with each Regiment of Native Cavalry and Infantry, employed in or moved for the Afghan Campaign of 1878, &c.—*contd.*

DATE.	Name of the Regiment.	Station from which it was moved for the War.	To which Force attached.		Rank and Names of the British Regimental Officers (including Staff Corps).		If become Non-effective, give Cause.	DATE.
					Present on 1 September 1878.			
From 1 September to 31 December 1878.	25th (Punjab) Regiment of Native Infantry. (Late 17th Punjab Infantry.)	Umballa - -	1st Infantry Brigade, 1st Division, Kandahar Force. Lieutenant General Stewart's Force.	1	Lieut. Colonel -	J. W. Hoggan, Staff Corps -	Still effective on 1 January 1879.	
				2	Captain - -	W. V. Ellis, Staff Corps -	- - ditto - - ditto.	
				3	Lieutenant - -	G. H. B. Coates, Staff Corps -	- - ditto - - ditto.	
					Subsequently joined.			
				4	Lieutenant - -	P. E. Anderson, Staff Corps -	Rejoined from privilege leave - -	- Sept. 1878
							Still effective on 1 January 1879.	
				5	Ditto - -	W. G. Yate, Staff Corps - -	Rejoined from temporary Staff employ	- Sept. 1878
							With sick at Quetta - - - -	- Dec. 1878
							to 1 January 1879.	
				6	Captain - -	J. N. Steel, General List, Infantry.	Rejoined from sick leave - - -	20 Sept. 1878
							Still effective on 1 January 1879.	
				7	Ditto - -	C. H. H. Beley, Staff Corps -	Rejoined from Staff employ - -	- Oct. 1878
							Still effective on 1 January 1879.	
				8	Lieut. Colonel -	N. Barton, Staff Corps - -	Rejoined from privilege leave - -	14 Oct. 1878
							Still effective on 1 January 1879.	
					Present on 1st September 1878.			
From 1 September to 31 December 1878.	26th (Punjab) Regiment of Native Infantry). (Late 18th Punjab Infantry.)	Meean Meer -	2nd Infantry Brigade, 2nd Division, Kandahar Force. Lieutenant General Stewart's Force.	1	Lieut. Colonel -	M. G. Smith, Staff Corps - -	Still effective on 1 January 1879.	
				2	Lieutenant - -	S. H. P. Graves, Staff Corps -	- - ditto - - ditto.	
				3	Ditto - -	H. A. Ravenshaw, Staff Corps -	- - ditto - - ditto.	
					Subsequently joined.			
				4	Major - - -	A. Tulloch, Staff Corps - -	Rejoined from privilege leave - -	- Sept. 1878
							On Command at Khojak Pass to 1 January 1879.	
				5	Captain (now Major).	A. B. Hepburn, Staff Corps -	On Command at Amritsar.	
							On privilege leave - - - - -	- Sept. 1878
							Rejoined - - - - - -	- Nov. 1878
							Still effective on 1 January 1879.	
				6	Captain - -	C. J. R. Fulford, Staff Corps -	Rejoined from privilege leave - -	- Sept. 1878
							Still effective on 1 January 1879.	
				7	Lieutenant - -	L. Dening, Staff Corps - -	Joined from furlough at Meean Meer Depôt.	- Oct. 1878
							Rejoined Head Quarters - - -	- Dec. 1878
							Still effective on 1 January 1879.	
				8	Ditto - -	H. G. Ryland, Staff Corps -	Appointed to the Regiment - -	4 Oct. 1878
							On Command at Khojak Pass to 1 January 1879.	

						Present on 1 September 1878.		
From 1 September to 31 December 1878.	27th (Punjab) Regiment of Native Infantry. (Late 19th Punjab Infantry.)	Nowshera -	2nd Infantry Brigade, 1st Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.	1	Major - - -	H. H. Birch, Staff Corps - -	Killed in action at Ali Musjid - -	21 Nov. 1878
				2	Lieut.-Colonel -	C. J. Hughes, Staff Corps - -	Still effective on 1 January 1879.	
				3	Captain - -	R. A. Swetenham, Staff Corps -	Garrison Class, Rawal Pindi - -	- Sept. 1878
							Rejoined - - - - - -	26 Oct. 1878
							On sick leave - - - - -	- Nov. 1878
							Rejoined - - - - - -	- Dec. 1878
							Still effective on 1 January 1879.	
				4	Lieutenant - -	T. O. Fitzgerald, Staff Corps -	Killed in action at Ali Musjid - -	21 Nov. 1878
				5	Ditto - -	S. W. T. Roberts, 39th Foot (on probation).	Garrison Class, Rawal Pindi - -	- Sept. 1878
							Rejoined - - - - - -	- Dec. 1878
							On sick list to 1 January 1879.	
						Subsequently joined.		
				6	Sub - Lieutenant (now Lieutenant).	G. A. Williams, 2-9th Foot (on probation).	Rejoined from 4th Battalion Rifle Brigade.	24 Oct. 1878
							Still effective on 1 January 1879.	
				7	Colonel - -	J. Doran, C.B. - - - -	Rejoined from temporary command of Rawal Pindi Brigade.	30 Oct. 1878
							Appointed Brigadier General, 2nd Infantry Brigade, 2nd Division, Peshawar Field Force.	
				8	Captain - -	J. Cook, Staff Corps - - -	Appointed to the Regiment - - -	27 Nov. 1878
							Left - - - - - - - -	29 Dec. 1878
				9	Lieutenant - -	J. W. Thruston, 1-14th Foot (on probation).	Appointed to the Regiment - - -	2 Dec. 1878
							Still effective on 1 January 1879.	
				10	Major - -	L. Macdonald, Staff Corps -	Appointed to the Regiment - - -	21 Dec. 1878
							Still effective on 1 January 1879.	
						Present on 1 September 1878.		
From 1 September to 31 December 1878.	28th (Punjab) Regiment of Native Infantry. (Late 20th Punjab Infantry.)	Moradabad -	2nd Infantry Brigade, Koorum Force, Major General Roberts' Force.	1	Lieut.-Colonel -	J. Hudson, Staff Corps - -	Still effective on 1 January 1879.	
				2	Captain (now Brevet Major).	H. S. Marshall, General List, Infantry.	- - ditto - - ditto.	
				3	Captain - -	F. A. S. D'Acosta de St. Laurent, Staff Corps.	On sick list - - - - -	- Nov. 1878
							Proceeded on sick leave for three months.	2 Dec. 1878
				4	Lieutenant - -	C. J. Dennys, Staff Corps - -	Still effective on 1 January 1879.	
				5	Ditto - -	H. F. Lyons-Montgomery, Staff Corps.	- - ditto - - ditto.	
						Subsequently joined.		
				6	Major - -	G. S. Hills, Staff Corps - -	Joined Left Wing at Shahjahanpore from privilege leave.	12 Oct. 1878
							Rejoined head-quarters - - -	23 Oct. 1878
							On sick list.	
							Still effective on 1 January 1879.	
				7	Lieutenant - -	A. A. Lane, 51st Foot (on probation).	Appointed to Corps and joined - -	9 Nov. 1878

RETURN showing the Rank and Names of the British Officers serving with each Regiment of Native Cavalry and Infantry employed in or moved for the Afghan Campaign of 1878, &c.—*cont^d*.

DATE.	Name of the Regiment.	Station from which it was moved for the War.	To which Force attached.		Rank and Names of the British Regimental Officers (including Staff Corps).		If become Non-effective, give Cause.	DATE.
					Present on 1 *September* 1878.			
From 1 September to 31 December 1878.	29th (Punjab) Regiment of Native Infantry. (Late 21st Punjab Infantry.)	Talagang -	1st Infantry Brigade, Koorum Force. Major General Roberts' Force.	1	Colonel - -	G. G. Cunliffe, Staff Corps -	Left sick at Talagang - - - -	- Sept. 1878
							Leave on medical certificate to 1 January 1879.	22 Oct. 1878
				2	Captain - -	F. R. C. Voyle, Staff Corps -	On command at Hazir Pir to 1st January 1879.	
				3	Lieutenant - -	R. N. Harington, Staff Corps -	Died - - - - - - - -	17 Oct. 1878
				4	Ditto - -	R. W. MacLeod, 51st Foot (on probation).	Still effective on 1 January 1879.	
					Subsequently joined.			
				5	Lieutenant - -	A. J. F. Reid, Staff Corps - -	Appointed to the Corps, and joined detachment at Attock.	3 Sept. 1878
							Joined head quarters - - - -	5 Oct. 1878
							Wounded in action at Peiwar - -	28 Nov. 1878
							On sick list to 1 January 1879.	
				6	Major - - -	G. N. Channer, v.c., Staff Corps	Rejoined from privilege leave - -	6 Oct. 1878
							Still effective on 1 January 1879.	
				7	Colonel - -	J. J. H. Gordon, Staff Corps -	Rejoined from privilege leave - -	- Oct. 1878
							Still effective on 1 January 1879.	
				8	Lieutenant - -	H. P. Picot, Staff Corps - -	Appointed to Corps. Joined - -	- Nov. 1878
							Still effective on 1 January 1879.	
				9	Captain - -	R. H. F. Rennick, Staff Corps -	Appointed to the Corps. Joined - -	- Nov. 1878
							Station Staff Officer at Koorum - -	- Nov. 1878
							Detached at Peiwar to 1 January 1879.	- Dec. 1878
					Present on 1 *September* 1878.			
From 1 September to 31 December 1878.	32nd (Punjab) Regiment of Native Infantry (Pioneers). (Late 24th Punjab Infantry.)	Camp Quetta -	2nd Infantry Brigade 2nd Division, Kandahar Force. Lieutenant General Stewart's Force.	1	Colonel - -	W. D. Morgan, Staff Corps -	Privilege leave - - - - -	- Nov. 1878
							Succeeded to Colonel's allowance - -	12 Dec. 1878
				2	Lieut.-Colonel - -	H. Fellowes, Staff Corps - -	Still effective on 1 January 1879.	
				3	Captain - -	A. P. Samuells, General List, Infantry.	- - ditto - - ditto.	
				4	Ditto - -	E. C. S. Jackson, General List, Infantry.	On sick list - - - - - -	- Oct. 1878
							With depôt at Quetta to 1 January 1879.	
				5	Lieutenant - -	C. Hogge, Staff Corps - -	Still effective on 1 January 1879.	
				6	Ditto - -	H. C. Halkett, Staff Corps -	- - ditto - - ditto.	
					Subsequently joined.			
				7	Major - - -	C. E. Bates, Staff Corps - -	Rejoined from civil employ - - -	- Nov. 1878
							Sick at Quetta to 1 January 1879.	
				8	Lieutenant - -	C. B. Porter, Staff Corps - -	Rejoined from 30th Native Infantry -	- Nov. 1878
							In Field Hospital to 1 January 1879.	
				9	Captain - -	T. Nicholls, General List, Infantry.	Rejoined from furlough - - -	- Dec. 1878
							Still effective on 1 January 1879.	

From 1 September to 31 December 1878.	45th (Rattray's Sikhs) Regiment of Native Infantry. (Late 1st Bengal Police Battalion (Rattray's Sikhs).	Alipore - -	2nd Infantry Brigade, 1st Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.						
						Present on 1 *September* 1878.			
				1	Colonel - -	C. B. Basden, Staff Corps - -	On leave - - - - - -	17 Oct.	1878
							Retired - - - - - -	1 Nov.	1878
								2 Nov.	1878
				2	Lieut.-Colonel -	F. M. Armstrong, Staff Corps -	Still effective on 1 January 1879.		
				3	Major - -	C. L. Woodruffe, Staff Corps -	- - ditto - - ditto.		
				4	Lieutenant - -	H. N. McRae, Staff Corps - -	- - ditto - - ditto.		
				5	Ditto - -	R. C. S. Macausland, Staff Corps	- - ditto - - ditto.		
				6	Ditto - -	F. M. Barclay, Staff Corps -	- - ditto - - ditto. On command at Basawal to 1 January 1879.		
						Subsequently joined.			
				7	Lieutenant - -	H. R. L. Holmes, 2-22nd Foot (on probation.)	Appointed to Corps. Joined - - Still effective on 1 January 1879.	- Sept.	1878
						Present on 1 *September* 1878.			
				1	Colonel - -	J. S. Rawlins, Staff Corps -	Leave to Bombay preparatory to retirement.	- Dec.	1878
				2	Major - - -	G. Young, Staff Corps - -	Proceeded on leave preparatory to furlough on medical certificate.	- Dec.	1878
				3	Captain - -	G. F. Churchill, Staff Corps -	Proceeded on furlough, private affairs -	30 Sept.	1878
				4	Lieutenant - -	J. P. W. Spankie, 2-22nd Foot (on probation).	Still effective on 1 January 1879.		
				5	Ditto - -	R. C. Temple, 1-21st Foot (on probation).	On detachment at Dadur to 1 January 1879.		
						Subsequently joined.			
From 1 September to 31 December 1878.	1st Goorkha Regiment (Light Infantry).	Dharmsala -	2nd Infantry Brigade, 1st Division, Kandahar Force. Lieutenant General Stewart's Force.	6	Lieutenant - -	G. H. Robinson, Staff Corps -	Rejoined from privilege leave - - - Still effective on 1 January 1879.	5 Sept.	1878
				7	Major - - -	C. St. J. B. Barnett, Staff Corps	Rejoined from detachment at Simla. Still effective on 1 January 1879.		
				8	Lieutenant - -	H. H. Ozzard, Staff Corps -	Appointed to the Corps. Joined - On escort duty with 13-8th Royal Artillery to 1 January 1879.	29 Oct.	1878
				9	Colonel - -	R. S. Hill, Bengal Infantry -	Rejoined from furlough - - - Still effective on 1 January 1879.	9 Nov.	1878
				10	Lieut.-Colonel -	P. Story, Bengal Infantry - -	Rejoined from furlough - - -	9 Nov.	1878
							On leave - - - - - -	30 Nov.	1878
							Rejoined - - - - - -	6 Dec.	1878
							Still effective on 1 January 1879.		
						Present on 11 *October* 1878.			
Arrived from Cyprus 11 October to 31 December 1878.	2nd (Prince of Wales' Own) Goorkha Regiment (the Sirmoor Rifles). (Late Sirmoor Rifle Regiment.)	Dehra Dun -	2nd Infantry Brigade, 2nd Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.	1	Lieut.-Colonel -	D. Macintyre, V.C., Staff Corps	Still effective on 1 January 1879.		
				2	Major - -	A. Battye, Staff Corps - -	- - ditto - - ditto.		
				3	Ditto - -	H. P. P. Nash, Staff Corps -	Detached at Kutee Kushtee - -	- Dec.	1878
				4	Captain - -	W. Hill, Staff Corps - -	To Staff employ - - - - -	19 Nov.	1878
				5	Lieutenant - -	W. P. Newall, Staff Corps -	Still effective on 1 January 1879.		
				6	Ditto - -	H. S. Wheatley, Staff Corps -	- - ditto - - ditto.		
				7	Major - -	L. Macdonald, Staff Corps -	Transferred to 27th Native Infantry -	- Dec.	1878

RETURN showing the Rank and Names of the British Officers serving with each Regiment of Native Cavalry and Infantry employed in or moved for the Afghan Campaign of 1878, &c.—*cont^d.*

DATE.	Name of the Regiment.	Station from which it was moved for the War.	To which Force attached.		Rank and Names of the British Regimental Officers (including Staff Corps).		If become Non-effective, give Cause.	DATE.
					Present on 1 *September* 1878.			
From 1 September to 31 December 1878.	3rd Goorkha (The Kumaon Regiment). (Late Kumaon Battalion.)	Almora - -	2nd Infantry Brigade, 1st Division, Kandahar Force. Lieutenant General Stewart's Force.	1	Lieut.-Colonel -	H. H. Lyster, V.C., Staff Corps	Rejoined from privilege leave - - Still effective on 1 January 1879.	26 Sept. 1878
				2	Major - - -	L. Smith, Staff Corps - -	Still effective on 1 January 1879.	
				3	Captain (now Major).	R. E. K. Money, Staff Corps -	- - ditto - - ditto.	
				4	Lieutenant - -	C. Pulley, Staff Corps - -	- - ditto - - ditto.	
				5	Ditto - -	A. G. F. Browne, Staff Corps -	- - ditto - - ditto.	
					Subsequently joined.			
				6	Colonel - -	A. Paterson, Staff Corps - -	Rejoined from privilege leave - - Still effective on 1 January 1879.	26 Sept. 1878
				7	Lieutenant - -	J. L. O'Bryen, Staff Corps - (Wing Officer, 4th Native Infantry.)	Attached to the Corps - - - Still effective on 1 January 1879.	- Oct. 1878
				8	Major - - -	G. C. Gregory, Staff Corps -	Rejoined from furlough - - - Still effective on 1 January 1879.	6 Nov. 1878
				9	Captain - -	D. E. Gouldsbury, Staff Corps -	Attached from the 19th Native Infantry.	- Nov. 1878
							Rejoined his Regiment - - -	28 Dec. 1878
					Present on 1 *September* 1878.			
From 1 September to 31 December 1878.	4th Goorkha Regiment - - (Late Extra Goorkha Regiment.)	Bakloh - -	1st Infantry Brigade, 1st Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.	1	Colonel - -	J. A. Tytler, C.B., V.C., Staff Corps.	To Command of 2nd Infantry Brigade, 1st Division, Peshawar Valley Force.	11 Nov. 1878
				2	Lieut.-Colon (-	J. P. Turton, Staff Corps - -	Still effective on 1 January 1879.	
				3	Major - -	F. F. Rowcroft, Staff Corps -	- - ditto - - ditto.	
				4	Captain - -	E. P. Mainwaring, General List, Infantry.	On sick list.	
				5	Ditto - -	G. W. Rogers, Staff Corps -	On Staff employ in the Field - -	11 Nov. 1878
				6	Lieutenant - -	C. A. Mercer, Staff Corps - -	On furlough - - - - - - Rejoined - - - - - - Still effective on 1 January 1879.	15 Sept. 1878 15 Oct. 1878
					Subsequently joined.			
				7	Lieutenant - -	H. J. Bolton, 4–60th Foot -	Appointed to Corps. Joined - - Still effective on 1 January 1879.	8 Sept. 1878
				8	Ditto - -	C. G. Adye, 1–14th Foot (on probation).	Appointed to Corps. Joined - - Still effective on 1 January 1879.	13 Oct. 1878
				9	Captain - -	J. Hay, Staff Corps - - -	Rejoined from furlough - - - Still effective on 1 January 1879.	11 Nov. 1878

From 1 September to 31 December 1878.	1st Punjab Cavalry (Punjab Frontier Force).	Dera Ghazi Khan	2nd Division, Kandahar Force. Lieutenant General Stewart's Force.						
					Present on 1 September 1878.				
				1	Major - - -	G. C. Bird, Madras Staff Corps -	Proceeded on escort duty - - -	- Oct.	1878
				2	Captain - -	J. R. B. Atkinson, General List, Infantry.	On Command at Dera Ghazi Khan	- Oct.	1878
							On convoy duty - - - - -	- Nov.	1878
							Still effective on 1 January 1879.		
				3	Lieutenant - -	W. F. Hennell, Staff Corps -	- - ditto - - ditto.		
					Subsequently joined.				
				4	Major - - -	C. S. Maclean, Staff Corps -	Rejoined from privilege leave - -	- Sept.	1878
				5	Captain - -	H. De la M. Hervey, Staff Corps	From Survey duty, Fort Munro - -	- Sept.	1878
							Still effective on 1 January 1879.		
				6	Ditto - -	D. S. Cuninghame, Staff Corps	From escort duty - - - -	- Oct.	1878
							Still effective on 1 January 1879.		
				7	Lieutenant - -	A. M. Muir, Staff Corps - -	From Civil employ - - - -	- Nov.	1878
							Still effective on 1 January 1879.		
					Present on 1 September 1878.				
				1	Colonel - -	T. G. Kennedy, Staff Corps -	Still effective on 1 January 1879.		
				2	Captain - -	J. H. Broome, General List, Infantry.	- - ditto - - ditto.		
				3	Ditto - -	L. T. Bishop, Staff Corps - -	- - ditto - - ditto.		
				4	Lieutenant - -	G. W. Younghusband, 34th Foot (on probation).	- - ditto - - ditto.		
				5	Sub-Lieutenant -	A. C. Batten, 34th Foot (on probation).	On Command at Rajanpur.		
From 1 September to 31 December 1878.	2nd Punjab Cavalry (Punjab Frontier Force).	Rajanpur	2nd Division, Kandahar Force. Lieutenant General Stewart's Force.		*Subsequently joined.*				
				6	Major - - -	R. C. R. Clifford, Staff Corps -	Rejoined from privilege leave - -	- Sept.	1878
							Still effective on 1 January 1879.		
				7	Ditto - -	F. Lance, Staff Corps - -	Rejoined from furlough - - -	8 Dec.	1878
							Still effective on 1 January 1879.		
				8	Captain - -	E. B. Bishop, Staff Corps - -	Rejoined from furlough - - -	7 Dec.	1878
							Still effective on 1 January 1879.		
				9	Ditto - -	J. R. Campbell - - - -	On Command at Quetta.		
							Still effective on 1 January 1879.		
				10	Lieutenant - -	C. J. L. Stewart, 1-17th Foot (on probation).	On Command at Quetta.		
							Still effective on 1 January 1879.		

RETURN showing the Rank and Names of the British Officers serving with each Regiment of Native Cavalry and Infantry employed in or moved for the Afghan Campaign of 1878, &c.—*contd.*

DATE.	Name of the Regiment.	Station from which it was moved for the War.	To which Force attached.		Rank and Names of the British Regimental Officers (including Staff Corps).		If become Non-effective, give Cause.	DATE.
From 1 September to 31 December 1878.	5th Punjab Cavalry (Punjab Frontier Force).	Kohat - -	Koorum Force - - - - Major General Roberts' Force.		*Present on* 1 *September* 1878.			
				1	Major - - -	F. Hammond, Staff Corps - -	Proceeded on remount duty - -	- Sept. 1878
							Rejoined - - - - - -	- Oct. 1878
							Still effective on 1 January 1879.	
				2	Ditto - -	J. C. Stewart, Staff Corps -	Still effective on 1 January 1879.	
				3	Captain - -	J. B. Watts, Staff Corps - -	Temporary leave - - - -	- Oct. 1878
							Still effective on 1st January 1879.	
				4	Lieutenant - -	G. Pycroft, 1-25th Foot (on probation).	Still effective on 1st January 1879.	
					Subsequently joined.			
				5	Major - - -	B. Williams, Staff Corps - -	Rejoined from privilege leave - -	- Sept. 1878
							Still effective on 1 January 1879.	
				6	Captain - -	F. S. Carr, General List, Infantry.	Rejoined from privilege leave - -	- Sept. 1878
							Appointed Assistant Quartermaster General, Koorum Field Force - -	- Oct. 1878
				7	Lieutenant - -	C. F. Gambier, Staff Corps -	Rejoined from privilege leave - -	- Sept. 1878
							Still effective on 1 January 1879.	
From 1 September to 31 December 1878.	(Queen's Own) Corps of Guides (Punjab Frontier Force).	Mardan - -	1st Division, Peshawar Valley Force (Infantry 3rd Brigade). Lieutenant General Sir S. Browne's Force.		*Present on* 1 *September* 1878.			
				1	Lieut.-Colonel -	F. H. Jenkins, Staff Corps -	Appointed Brigadier General, Peshawar Field Force.	- Dec. 1878
				2	Major - - -	R. B. P. P. Campbell, Staff Corps.	Privilege leave to - - - -	- Sept. 1878
							Still effective on 1 January 1879.	
				3	Ditto - -	G. Stewart, Staff Corps - -	Still effective on 1 January 1879.	
				4	Captain - -	R. C. Hutchinson, Madras General List, Infantry.	On remount duty - - - -	- Sept. 1878
							Still effective on 1 January 1879.	
				5	Ditto - -	W. Battye, Staff Corps - -	Still effective on 1 January 1879.	
				6	Lieutenant - -	M. C. Cooke-Collis, Staff Corps	On command - - - - -	- Dec. 1878
				7	Ditto - -	W. R. P. Hamilton, Staff Corps	Ditto - - - - - -	- Jan. 1879
					Subsequently joined.			
				8	Captain - -	A. G. Hammond, Staff Corps -	Rejoined from privilege leave - -	- Sept. 1878
							Still effective on 1 January 1879.	
				9	Lieutenant - -	F. D. Battye, Staff Corps - -	Rejoined from privilege leave - -	- Sept 1878
							Still effective on 1 January 1879.	
				10	Ditto - -	H. W. Hughes, Staff Corps -	Rejoined from privilege leave - -	- Sept. 1878
							On Command - - - -	- Nov. 1878
							Still effective on 1 January 1879.	

From 1 September to 31 December 1878.	1st Sikh Infantry (Punjab Frontier Force).	Kohat - -	3rd Infantry Brigade, 1st Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.					
					Present on 1 *September* 1878.			
				1	Major - - -	A. G. Ross, Staff Corps - -	Still effective on 1 January 1879.	
				2	Captain - -	F. R. Begbie, Staff Corps - -	Proceeded on duty, Kohat - - -	- Oct. 1878
							Commanding Depôt at Kohat - -	- Dec. 1878
				3	Lieutenant - -	J. A. H. Pollock, Staff Corps -	On duty, Kohat - - - - -	- Oct. 1878
							Still effective on 1 January 1879.	
				4	Ditto - -	*H.* Mansfield, 83rd Foot (on probation).	Proceeded on temporary leave - -	- Sept. 1878
							Still effective on 1 January 1879.	
					Subsequently joined.			
				5	Captain - -	J. M. Sym, Staff Corps - -	Rejoined from privilege leave - -	- Sept. 1878
							To 5th Goorkhas - - - -	- Nov. 1878
				6	Ditto - -	A. F. Lambe, Staff Corps - -	Rejoined from privilege leave - -	- Sept. 1878
							Proceeded on furlough - - -	- Oct. 1878
				7	Lieutenant - -	A. C. Bunny, Staff Corps - -	Rejoined from privilege leave - -	- Sept. 1878
							On duty at Kohat - - - -	- Oct. 1878
				8	Captain - -	F. F. Bruce, Staff Corps - -	Attached - - - - - -	- Nov. 1878
							Still effective on 1 January 1879.	
				9	Ditto - - -	C. C. Brownlow, Staff Corps -	Rejoined from furlough - - -	- Dec. 1878
							Still effective on 1 January 1879.	
					Present on 1 *September* 1878.			
				1	Colonel - -	R. D'O. C. Bracken, Staff Corps	On sick leave - - - - -	- Oct. 1878
							On Command at Dera Ghazi Khan -	- Dec. 1878
				2	Captain - -	F. E. Hastings, General List, Infantry.	On Command - - - - -	- Nov. 1878
							Still effective on 1 January 1879.	
				3	Ditto - -	W. O. Thompson, Staff Corps -	On Command - - - - -	- Dec. 1878
							Still effective on 1 January 1879.	
From 1 September to 31 December 1878.	2nd (or Hill) Sikh Infantry -	Dera Ghazi Khan	Mithankot - - - - -	4	Lieutenant - -	C. G. M. Fasken, 2-16th Foot (on probation).	On Command - - - - -	- Nov. 1878
							Still effective on 1 January 1879.	
					Subsequently joined.			
				5	Lieut.-Colonel -	J. J. Boswell, Staff Corps -	From leave - - - - -	- Oct. 1878
							On Command - - - - -	- Nov. 1878
							Still effective on 1 January 1879.	
				6	Lieutenant - -	W. F. C. C. Plowden, Staff Corps	Rejoined from privilege leave - -	- Oct. 1878
							On Command - - - - -	- Nov. 1878
							Still effective on 1 January 1879.	
				7	Ditto - -	E. C. Rothney, 63rd Foot (on probation).	Appointed to Corps. Joined - -	- Oct. 1878
							On Command at Dera Ghazi Khan -	- Dec. 1878

RETURN showing the Rank and Names of the British Officers serving with each Regiment of Native Cavalry and Infantry employed in or moved for the Afghan Campaign of 1878, &c.—*contd.*

DATE.	Name of the Regiment.	Station from which it was moved for the War.	To which Force attached.		Rank and Names of the British Regimental Officers (including Staff Corps).		If become Non-effective, give Cause.	DATE.
					Present on 1 September 1878.			
From 1 September to 31 December 1878.	1st Punjab Infantry (Punjab Frontier Force.)	Quetta	2nd Infantry Brigade, 2nd Division, Kandahar Force. Lieutenant General Stewart's Force.	1	Major	F. J. Keen, Staff Corps	Still effective on 1 January 1879.	
				2	Ditto	T. Higginson, Madras Staff Corps.	ditto ditto.	
				3	Captain	H. Howell, Staff Corps	ditto ditto.	
				4	Lieutenant	T. C. Pears, Staff Corps	ditto ditto.	
				5	Sub-Lieutenant	C. B. Brownlow, 1-17th Foot (on probation).	Attached to 2-60th Rifles	– Dec. 1878
					Subsequently joined.			
				6	Captain	H. F. Showers, Staff Corps	From Staff employ Still effective on 1 January 1879.	– Oct. 1878
				7	Lieutenant	P. E. Henderson	Appointed to Corps. Joined Still effective on 1 January 1879.	– Oct. 1878
				8	Captain	L. R. H. D. Campbell, Staff Corps.	Rejoined from furlough Still effective on 1 January 1879.	– Nov. 1878
				9	Major	A. Vallings, Staff Corps	Rejoined from furlough Still effective on 1 January 1879.	– Dec. 1878
					Present on 1 September 1878.			
From 1 September to 31 December 1878.	2nd Punjab Infantry (Punjab Frontier Force.)	Kohat	2nd Infantry Brigade, Koorum Force. Major General Roberts' Force.	1	Lieut.-Colonel	H. Tyndall, Staff Corps	Still effective on 1 January 1879.	
				2	Captain	J. M. D. Lewes, Staff Corps	ditto ditto.	
				3	Lieutenant	A. Daniell, Staff Corps	Attached to 4th Punjab Infantry	– Oct. 1878
				4	Ditto	C. C. St. E. Lucas, Staff Corps	Transferred to 5th Goorkhas	17 Nov. 1878
					Subsequently joined.			
				5	Major	E. C. Codrington, Staff Corps	Rejoined from privilege leave Still effective on 1 January 1879.	– Sept. 1878
				6	Captain	A. H. Turner, Staff Corps	Rejoined from privilege leave Recruiting duty Still effective on 1 January 1879.	– Sept. 1878 – Oct. & Nov. 1878.
				7	Ditto	A. D. Strettell, Staff Corps	Rejoined from furlough On Command	– Oct. 1878 – Dec. 1878
				8	Lieutenant	B. M. Allen, Staff Corps	Rejoined from privilege leave At Depôt Kohat from	– Oct. 1878 – Nov. 1878
				9	Ditto	R. R. N. Sturt, Staff Corps	Rejoined from furlough Still effective on 1 January 1879.	– Nov. 1878

From 1 September to 31 December 1878.	5th Punjab Infantry (Punjab Frontier Force.)	Kohat	1st Infantry Brigade, Koorum Force. Major General Roberts' Force					
					Present on 1 September 1878.			
				1	Major	J. W. McQueen, Staff Corps	On Sick List Still effective on 1 January 1879.	– Nov. 1878
				2	Ditto	H. M. Pratt, Staff Corps (2nd Sikhs).	Still effective on 1 January 1879.	
				3	Captain	C. McK. Hall, General List, Infantry.	– – ditto – – ditto.	
				4	Lieutenant	J. E. Mein, Staff Corps	On Command At Kohat Still effective on 1 January 1879.	– Oct. 1878 – Dec. 1878
					Subsequently joined.			
				5	Lieutenant	R. F. Jameson, Staff Corps	Rejoined from privilege leave Still effective on 1 January 1879.	– Sept. 1878
				6	Ditto	C. W. Young, 81st Foot (on probation).	Rejoined from privilege leave On Command at Kohat	– Oct. 1878 – Nov. 1878
				7	Captain	C. Young, General List, Infantry	Rejoined from privilege leave Still effective on 1 January 1879.	– Oct. 1878
				8	Lieutenant	G. Gaisford, Staff Corps	Rejoined from furlough Still effective on 1 January 1879.	– Dec. 1878
				9	Ditto	J. P. Sparling, 67th Foot (on probation).	Appointed to Corps. Joined Still effective on 1 January 1879.	– Dec. 1878
From 1 September to 31 December 1878.	5th Goorkha Regiment (The Hazara Goorkha Battalion.)	Abbottabad	2nd Infantry Brigade, Koorum Force. Major General Roberts' Force					
					Present on 1 September 1878.			
				1	Colonel	P. F. Gardiner, Staff Corps	Admitted to Colonel's allowance	27 Sept. 1878
				2	Captain	J. Cook, Staff Corps	Still effective on 1 January 1879.	
				3	Ditto	C. F. Powell, Staff Corps (2nd Punjab Infantry).	Died of wounds received in the Mangiar Pass on the 13th December 1878.	18 Dec. 1878
				4	Lieutenant	A. R. Martin, Staff Corps	General leave Rejoined Still effective on 1 January 1879.	– Sept. 1878 – Sept. 1878
				5	Ditto	C. C. Chenevix-Trench, Staff Corps.	Still effective on 1 January 1879.	
					Subsequently joined.			
				6	Captain	L. R. Battye, Staff Corps	From privilege leave Furlough to England	– Sept. 1878 – Oct. 1878
				7	Major	A. Fitzhugh, Staff Corps	From 4th Punjab Infantry Still effective on 1 January 1879.	– Sept. 1878
				8	Ditto	W. H. Unwin, Staff Corps	From privilege leave On Command	– Oct. 1878 – Nov. 1878
				9	Lieutenant	C. C. St. E. Lucas, Staff Corps	Attached to Corps. Joined Still effective on 1 January 1879.	– Nov. [illegible]
				10	Ditto	J. C. B. Craster, 2-16th Foot (on probation).	Appointed to Corps. Joined Still effective on 1 January 1879.	– Dec. 1878

RETURN showing the Rank and Names of the British Officers serving with each Regiment of Native Cavalry and Infantry employed in or moved for the Afghan Campaign of 1878, &c.—*contd.*

DATE.	Name of the Regiment.	Station from which it was moved for the War.	To which Force attached.		Rank and Names of the British Regimental Officers (including Staff Corps).	If become Non-effective, give Cause.	DATE.
From 1 September to 31 December 1878.	Bhopal Battalion - - - (Late Bhopal Levy.)	Sehore - -	1st Infantry Brigade, 2nd Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.	*Present on 1 September 1878.*			
				1	Colonel - - | H. Forbes, Staff Corps - -	Still effective on 1 January 1879.	
				2	Captain - - | G. R. Peart, Bombay Staff Corps	At Hoti-Murdan to 1 January 1879.	
				Subsequently joined.			
				3	Lieutenant - - | E. S. Masters, 2-1st Foot (on probation).	Appointed to the Corps. Joined - Still effective on 1 January 1879.	- Nov. 1878
				4	Ditto - - - | W. J. Orr, Bombay Staff Corps	Appointed to the Corps. Joined - At Hoti-Murdan to 1 January 1879 -	- Dec. 1878
From 1 September to 31 December 1878.	Mhairwarra Battalion - - (Late Ajmere and Mhairwarra Police Battalion.)	Ajmere - -	2nd Infantry Bigade, 2nd Division, Peshawar Valley Force. Lieutenant General Sir S. Browne's Force.	*Present on 1 September 1878.*			
				1	Lieutenant (now Captain). | O'M. Creagh, Bombay Staff Corps.	Still effective on 1st January 1879.	
				Subsequently joined.			
				2	Major - - - | F. W. Boileau, Staff Corps -	Appointed to the Corps. Joined - Still effective on 1 January 1879.	1 Nov. 1878
				3	Lieutenant - - | A. G. A. Durand, Staff Corps -	Appointed to the Corps. Joined - Still effective on 1 January 1879.	- Dec. 1878
				4	Ditto - - | A. E. P. Burn, 68th Foot - -	Appointed to the Corps. Joined - Still effective on 1 January 1879.	- Dec. 1878
From 1 September to 31 December 1878.	1st Regiment Sind Horse -	Jacobabad (Sind)	Reserve Division on Lower Indus	*Present on 1 September 1878.*			
				1	Colonel - - | W. R. Alexander, Staff Corps -	Retired - - - - - - -	1 Nov. 1878
				2	Captain - - | A. L. McNair, Staff Corps - -	Still effective on 1 January 1879.	
				3	Lieutenant - - | R. H. Daniell, Staff Corps -	- - ditto - - ditto.	
				4	Ditto - - - | G. F. Francis, Staff Corps - -	- - ditto - - ditto.	
				5	Ditto - - - | F. G. Alexander, Staff Corps -	- - ditto - - ditto.	
				Subsequently joined.			
				6	Major - - - | J. Philips, Staff Corps - -	Appointed to the Corps - - - Still effective on 1 January 1879.	8 Dec. 1878
				7	Lieutenant - - | J. R. C. Domvile, Staff Corps	Appointed to the Corps - - - Still effective on 1 January 1879.	18 Dec. 1878

					Present on 1 *September* 1878.			
From 1 September to 31 December 1878.	3rd Regiment Sind Horse	Jacobabad (Sind)	2nd Division, Kandahar Force - Lieutenant General Stewart's Force.	1	Lieut.-Colonel	J. H. P. Malcolmson, Staff Corps	Still effective on 1 January 1879.	
				2	Captain	J. E. Gordon, General List	- - ditto - - ditto.	
				3	Lieutenant	H. C. Hogg, Staff Corps	- - ditto - - ditto.	
				4	Ditto	E. D. N. Smith, Staff Corps	- - ditto - - ditto.	
					Subsequently joined.			
				5	Lieutenant	A. M. Monteith, Staff Corps	Appointed to the Corps - - - At Depôt, Jacobabad, to 1 January 1879.	28 Sept. 1878
				6	Captain	W. Reynolds, Staff Corps	Rejoined from furlough - - - Still effective on 1 January 1879.	- Nov. 1878
				7	Ditto	P. J. Maitland, Staff Corps	Rejoined from furlough - - - Still effective on 1 January 1879.	- Dec. 1878
				8	Lieutenant	E. V. P. Monteith, Staff Corps	- - ditto - - ditto - - -	- Dec. 1878
					Present on 1 *September* 1878.			
From 1 September to 31 December 1878.	1st Regiment Native Infantry (Grenadiers).	Ahmedabad (Guzerat).	Reserve Division on Lower Indus	1	Colonel	L. M. Davies, Staff Corps	Still effective on 1 January 1879.	
				2	Lieut.-Colonel	J. H. Drummond, Staff Corps	Exchanged to the 22nd Native Infantry	14 Oct. 1878
				3	Major	J. Affleck, Staff Corps	Still effective on 1 January 1879.	
				4	Captain	J. Grant, Staff Corps	- - ditto - - ditto.	
				5	Lieutenant	C. W. Hinde, Staff Corps	- - ditto - - ditto.	
				6	Ditto	A. Wapshare, Staff Corps	Exchanged to the 11th Native Infantry	14 Nov. 1878
				7	Ditto	A. H. Daunt (7th Foot) Staff Corps (probationer).	Still effective on 1 January 1879.	
				8	Sub-Lieutenant	C. M. Gray (54th Foot) Staff Corps (probationer).	Transferred to 15th Native Infantry -	6 Dec. 1878
					Subsequently joined.			
				9	Lieut.-Colonel	H. S. Anderson, Staff Corps	Appointed to the Corps - - - Still effective on 1 January 1879.	14 Oct. 1878
				10	Lieutenant	W. C. Aslett, Staff Corps	Appointed to the Corps - - - Still effective on 1 January 1879.	14 Nov. 1878
					Present on 1 *September* 1878.			
From 1 September to 31 December 1878.	19th Regiment Native Infantry	Kurrachee (Sind)	Reserve Division on Lower Indus	1	Colonel	W. Creagh, Staff Corps	Still effective on 1 January 1879.	
				2	Major	W. Jacob, Staff Corps	Invalided sick to England - - -	22 Nov. 1878
				3	Captain	S. G. Waudby, Staff Corps	Still effective on 1 January 1879.	
				4	Lieutenant	F. Stevenson, Staff Corps	- - ditto - - ditto.	
				5	Ditto	G. E. Walter, Staff Corps (probationer).	- - ditto - - ditto.	
					Subsequently joined.			
				6	Captain	R. J. LeP. Trench, General List, Infantry.	Rejoined from furlough in England - Still effective on 1 January 1879.	29 Sept. 1878
				7	Sub-Lieutenant	G. D. Giles, 7th Foot, Staff Corps (probationer).	Appointed to Corps - - - - - Still effective on 1 January 1879.	- Dec. 1878
				8	Ditto	F. C. Stayner, 5th Foot, Staff Corps (probationer).	- - ditto - - ditto - - -	- Dec. 1878

RETURN showing the Rank and Names of the British Officers serving with each Regiment of Native Cavalry and Infantry employed in or moved for the Afghan Campaign of 1878, &c.—*contd.*

DATE.	Name of the Regiment.	Station from which it was moved for the War.	To which Force attached.		Rank and Names of the British Regimental Officers (including Staff Corps).		If become Non-effective, give Cause.	DATE.
					Present on 1 September 1878.			
From 1 September to 31 December 1878.	29th Regiment, Native Infantry (2nd Belooch Regiment).	Dera Ghazi Khan (Punjab).	2nd Infantry Brigade, 2nd Division, Kandahar Force. Lieutenant General Stewart's Force.	1	Lieut.-Colonel -	G. Nicholetts, Staff Corps -	Still effective on 1 January 1879.	
				2	Major - - -	J. Galloway, Staff Corps - -	- - ditto - - ditto.	
				3	Ditto - -	G. C. Sartorius, Staff Corps -	- - ditto - - ditto.	
				4	Lieutenant - -	W. A. Broome, Staff Corps -	- - ditto - - ditto.	
				5	Ditto - -	H. E. W. Beville, Staff Corps -	- - ditto - - ditto.	
					Subsequently joined.			
				6	Lieut.-Colonel -	O. V. Tanner, Staff Corps - -	Rejoined from Staff employ - - - Still effective on 1 January 1879.	21 Oct. 1878
				7	Lieutenant - -	J. F. M. Campbell, 70th Foot, Staff Corps (probationer).	Rejoined from 30th Native Infantry - Still effective on 1 January 1879.	11 Dec. 1878
					Present on 1 September 1878.			
From 1 September to 31 December 1878.	30th Regiment Native Infantry (Jacob's Rifles).	Jacobabad (Sind)	1st Infantry Brigade, 2nd Division, Kandahar Force. Lieutenant General Stewart's Force.	1	Colonel - -	W. G. Mainwaring, Staff Corps -	Still effective on 1 January 1879.	
				2	Major - - -	F. T. Humfrey, Staff Corps -	- - ditto - - ditto.	
				3	Captain - -	H. F. Smith, Staff Corps - -	- - ditto - - ditto.	
				4	Lieutenant - -	C. F. Baugh, Staff Corps - -	- - ditto - - ditto.	
					Subsequently joined.			
				5	Lieutenant - -	J. F. M. Campbell, 70th Foot, Staff Corps (probationer).	Appointed to the Corps from 29th N. I. Rejoined 29th N. I - - - -	6 Oct. 1878 11 Dec. 1878
				6	Captain - -	W. C. Harrison, Staff Corps -	Rejoined from furlough - - - Still effective on 1 January 1879.	12 Nov. 1878
				7	Lieut.-Colonel -	T. Bell, Staff Corps - - -	Rejoined from furlough - - - Still effective on 1 January 1879.	16 Nov. 1878
				8	Lieutenant - -	C. G. Whitby, 17th Foot, Staff Corps (probationer).	Appointed to the Corps - - - Still effective on 1 January 1879.	25 Nov. 1878

From 1 September to 31 December 1878.	30th Regiment, Madras Native Infantry (Crewe).	French Rocks -	Mithankote - - - -							
						Present on 1 *September* 1878.				
				1	Lieut.-Colonel -	H. F. Dakeyne, Staff Corps -	Still effective on 1 January 1880.			
				2	Major - - -	F. S. Fitzpatrick, Staff Corps -	- - ditto - - ditto.			
				3	Ditto - - -	F. C. St. John, Staff Corps -	- - ditto - - ditto.			
				4	Lieutenant - -	R. H. C. Tufnell, Staff Corps -	- - ditto - - ditto.			
				5	Sub-Lieutenant -	J. M. Clements, 14th Foot, Staff Corps (probationer).	- - ditto - - ditto.			
						Subsequently joined.				
				6	Colonel - -	T. C. Georges, Staff Corps -	Rejoined from privilege leave - - Still effective on 1 January 1879.	1 Sept.	1878	
				7	Lieutenant - -	T. W. J. M. Georges 40th Foot, Staff Corps (probationer).	Rejoined from privilege leave - - Still effective on 1 January 1879.	7 Sept.	1878	
						Present on 1 *September* 1878.				
				1	Colonel - -	G. A. Fulton, Infantry - -	Attained to Colonel's allowance - -	12 Sept.	1878	
				2	Lieut.-Colonel -	R. Beatty, Infantry - - -	Still effective on 1 January 1879.			
				3	Major - - -	G. Murray, Staff Corps - -	- - ditto - ditto.			
				4	Ditto - - -	F. Middlecoat, Staff Corps -	Removed to general duty - - -	2 Dec.	1878	
				5	Captain - -	J. Hotham, General List - -	Still effective on 1 January 1879.			
From 1 September to 31 December 1878.	36th Regiment, Madras Native Infantry (Nundy).	Bangalore -	Rawal Pindi - - - -	6	Lieutenant - -	M. E. H. O. Welch, Staff Corps -	Removed to 9th Madras Native Infantry	16 Nov.	1878	
				7	Sub-Lieutenant -	H. W. E. Georges, 9th Foot, Staff Corps (probationer).	Still effective on 1 January 1879.			
						Subsequently joined.				
				8	Colonel - -	T. S. Hawkes, Staff Corps -	Appointed to Corps. Joined - - Still effective on 1 January 1879.	21 Sept.	1878	
				9	Lieutenant - -	J. H. H. Ansley, 14th Foot, Staff Corps (probationer).	- - ditto - - ditto - - -	14 Oct.	1878	
				10	Captain - -	A. G. Hutchins, General List, Infantry.	- - ditto - - ditto - - -	16 Nov.	1878	

STATEMENT showing Numbers of EUROPEAN OFFICERS with CORPS employed on FIELD SERVICE in *Afghanistan*.

REGIMENT.	Number of British Officers present on 1st September 1878.	Subsequently Joined.	Became Non-effective.	Remaining on 31st December 1878.
8th Bengal Cavalry	6	2	1	7
10th " "	4	3	3	4
11th " "	5	2	-	7
12th " "	5	2	-	7
13th " "	3	6	-	9
19th " "	4	5	1	8
1st Punjab Cavalry	3	4	-	7
2nd " "	5	5	-	10
5th " "	4	3	1	6
1st Sind Horse	5	2	1	6
3rd " "	4	4	-	8
TOTAL	48	38	7	79
AVERAGE OF CAVALRY	4·365	3·454	·654	7·181
2nd Bengal Native Infantry	2	5	1	6
6th " "	4	2	-	6
12th " "	4	4	1	7
14th " "	4	3	1	6
15th " "	5	3	1	7
19th " "	4	3	-	7
20th " "	4	4	1	7
21st " "	3	4	1	6
23rd " "	6	1	1	6
24th " "	4	2	1	5
25th " "	3	5	1	7
26th " "	3	5	-	8
27th " "	5	5	5	5
28th " "	5	2	1	6
29th " "	4	5	2	7
32nd " "	6	3	3	6
45th " "	6	1	1	6
1st Goorkha Regiment	5	5	3	7
2nd " "	7	-	2	5
3rd " "	5	4	-	9
4th " "	6	3	3	6
Corps of Guides	7	3	1	9
1st Sikh Infantry	4	5	3	6
2nd " "	4	3	-	7
1st Punjab Infantry	5	4	1	8
2nd " "	4	5	3	6
5th " "	4	5	-	9
5th Goorkha Regiment	5	5	3	7
Bhopal Battalion	2	2	-	4
Mhairwarra Battalion	1	3	-	4
30th Madras Native Infantry	5	2	-	7
36th " "	7	3	3	7
1st Bombay Native Infantry	8	2	3	7
19th " "	5	3	1	7
29th " "	5	2	-	7
30th " "	4	4	1	7
TOTAL	165	120	48	237
AVERAGE OF INFANTRY	4·583	3·333	1·333	6·583

EAST INDIAN ARMY.

RETURN showing Rank and Names of the BRITISH OFFICERS serving with each Regiment of NATIVE CAVALRY and INFANTRY employed in or moved for the AFGHAN CAMPAIGN of 1878 on 1 September 1878, either in the Advanced Columns or in their Support, with the Names of the Officers subsequently attached to each, and the Casualties amongst them, made up to 31 December 1878.

(*Sir Henry Havelock.*)

Ordered, by The House of Commons, *to be Printed,*
11 *August* 1879.

Under 3 *oz.*

EAST INDIA (COTTON DUTIES).

RETURN to an Address of the Honourable The House of Commons, dated 4 August 1879;—*for*,

"COPY of the OPINIONS of MEMBERS of the INDIAN COUNCIL in reference to the APPROVAL by the SECRETARY of STATE for INDIA in COUNCIL of the REDUCTION of the INDIAN COTTON DUTIES, as communicated to the GOVERNMENT of INDIA in the DESPATCH on the BUDGET of 1879-80."

India Office,
12 August 1879.

EDWARD STANHOPE,
Under Secretary of State.

(*Mr. Fawcett.*)

Ordered, by The House of Commons, *to be Printed*,
14 *August* 1879.

COPY of the OPINIONS of MEMBERS of the INDIAN COUNCIL in reference to the APPROVAL by the SECRETARY of STATE for INDIA in COUNCIL of the REDUCTION of the INDIAN COTTON DUTIES, as communicated to the GOVERNMENT of INDIA in the DESPATCH on the BUDGET of 1879-80.

EXTRACT from FINANCIAL DESPATCH, No. 261, dated 17th July 1879, from the Secretary of State for India in Council to the Governor General of India in Council.

Para. 30. IT is unnecessary for me to enter at length into a discussion of the need for a remission of duty on cotton manufactures. The views of Her Majesty's Government were fully explained in Lord Salisbury's Despatches of the 31st of May 1876, No. 9 (Separate Revenue), and the 30th of August 1877, No. 136 (Statistics and Commerce). On the 11th of July 1877, a Resolution was passed by the House of Commons, declaring that those duties were protective in their nature, and contrary to sound commercial policy, and that they ought to be repealed without delay, so soon as the financial condition of India would permit. A first step in this direction was made by the notification of your Government, dated the 18th of March 1878, exempting from duty certain classes of manufactures. Complaints were, however, made that the relief thus afforded was insufficient, and you accordingly appointed a Committee to examine the question and ascertain whether relief could be afforded without undue loss of revenue. The Committee reported that the exemption of all cloths, containing no yarns of a higher number than 30, was the only effective remedy against existing direct protection. The loss of revenue to be anticipated from such an exemption is variously estimated at from 150,000 *l.* to 200,000 *l.* a year; and your Excellency, considering that it might safely be assumed that for the present it would not exceed the smaller sum, determined to carry out the recommendation of the Committee. Objections to the measure were raised by the majority of your Council, for reasons explained in the Minutes which accompanied your letter, dated the 21st of March last, No. 5 (Separate Revenue). Her Majesty's Government concur in your opinion that it was not possible to leave the tariff on cotton manufactures in the condition in which it was placed by the notification of the 18th of March 1878, and they, accordingly, approve of the action taken by your Excellency.

Para. 31. The same view is held by the House of Commons, which, on the 4th of April last, passed a resolution "that the Indian import duty on cotton goods, being unjust alike to the Indian consumer and the English producer, ought to be abolished, and this House accepts the recent reduction in these duties as a step towards their total abolition, to which Her Majesty's Government are pledged." Your Excellency will not fail to bear in mind the necessity, when it can be done without imprudence, of taking further measures in this direction.

EXTRACT from the MINUTES of the Council of India.

AT a Meeting of the Council of India, held on Tuesday, 15th July 1879, Viscount *Cranbrook* Presiding.

An India Financial Despatch, reviewing the Finance and Revenue Accounts, and the Regular and Budget Estimates, was read, and approved after long discussion.

On the question that paragraphs 30 and 31 approving the action of the Viceroy

Viceroy in regard to the cotton duties, stand part of the Draft, the numbers were—

Ayes, 7.	Noes, 7.
Secretary of State.	Mr. Dalyell.
Mr. Cassels.	Sir B. Ellis.
General Foster.	Sir F. Halliday.
Sir H. Maine.	Sir R. Montgomery.
Sir H. Rawlinson.	Sir W. Muir.
General Strachey.	Sir H. Norman.
Sir W. Merewether.	Sir E. Perry.

The Secretary of State then gave his Casting Vote with the Ayes.

OPINIONS AND REASONS.

OPINION of Sir *F. J. Halliday.*

I HAVE a difficulty about the paragraphs of the proposed draft which relate to the remission of the cotton duties.

I consider that the measure in question was wrong in the sense of being inopportune.

I think also that it was inexpedient that the Viceroy should, for such a purpose, put into operation the power he undoubtedly possesses of overruling his Council in any matter which he may judge to affect the interests of India.

I agree entirely in the opinion expressed on the whole question by Mr. Rivers Thompson in his Minute of 15th March 1879.

At the same time I desire to guard myself against being supposed to impute to Lord Lytton any motive but that of his judgment of the course most beneficial to the welfare of India.

15 July 1879. (signed) *Fred. Jas. Halliday.*

OPINION of Mr. *R. A. Dalyell.*

I CONCUR in the above Minute. As a member of the Commission on Customs Duties in 1873–74, I opposed the abolition of the cotton duties, until all export duties had been remitted, and I am still of this opinion.

(signed) *Robert Anstruther Dalyell.*

OPINION of Sir *R. Montgomery.*

I VOTED against the portion of the Financial Despatch that passed the Council to day, which expressed approval of action of the Government of India in remitting the duty on cotton manufactures. I did so, because, in my opinion, it was a needless sacrifice of revenue at a time when there was a deficit in the Treasury.

It was done, moreover, when we were engaged in war with Afghanistan; and when of necessity a great and increased expenditure was being incurred.

Further, the reduction was made against the earnest remonstrances of a majority of the Viceroy's advisers; men, who, from their position, and with great experience, were well acquainted with the needs and requirements of India.

(signed) *R. Montgomery.*

15 July 1879.

Opinion of Sir *H. W. Norman.*

Paras. 30 and 31. I DISSENT from such a portion of this Despatch as may be understood to convey approval of the recent action of the Governor General in remitting a portion of the cotton duties. It is true that the approval may be said to be that of Her Majesty's Government, if the words of the Despatch are taken literally, and therefore it may be said that no approval of the Secretary of State in Council is thereby conveyed or implied, but I cannot accept this loophole, which, after all that has been said about these duties, it may be agreeable to take advantage of for the purpose of avoiding a formal expression of opinion.

In the first place, the Despatch is not that of "Her Majesty's Government," but of the Secretary of State for India in Council; and, secondly, although it is, no doubt, in this case perfectly true that Her Majesty's Government do approve of the course taken by the Viceroy of India in remitting part of the cotton duties in opposition to the strong views of the majority of his Council, yet it is equally true that in innumerable Despatches from the Secretary of State to the Government of India the term "Her Majesty's Government" has been used in simply expressing a decision of the Secretary of State in Council. I therefore think it incumbent on me to record distinctly my dissent from any expression of approval conveyed in this Despatch to the course pursued with respect to the cotton duties.

I am always adverse to rake up or to dwell on past differences of opinion, but I must remark that, as far as the Secretary of State in Council is concerned, the last instructions to the Government of India appear simply to have been to remit the cotton duties or a part of them when the state of the finances admitted. This was received by the Government of India of the day with regret, for that Government felt strongly that if the finances admitted of any taxes being reduced there should be a full and unbiassed consideration as to what tax should, in the interests of the people of India, be first selected for reduction.

This point, however, need not be argued, for the order was positive, and would, no doubt, have met with obedience at the hands of any Governor General and Council who found that there was a reasonable surplus of income over expenditure.

What has been done is, not to obey, but rather to fly in the face of these orders, and to remit about 200,000 *l.* annually of these duties when, taking the view of the Government of India itself, the finances were in a very bad condition, and when there was a clear deficit. In fact the duties have been abolished when the finances are in such a state that we are borrowing largely, stopping to a great extent useful and productive public works, and by other measures of severe economy inflicting serious hardship, and in some cases almost ruin on various deserving servants of the State. We are also threatening further taxation.

I believe that the political effect in India of this reduction of the cotton duties under these circumstances has been extremely bad, and that this effect will not readily pass away.

I would add my conviction that in overruling the majority of his Council on this occasion, the Viceroy was straining the law to an extent that is very undesirable, and that in my experience is unprecedented.

15 July 1879. (signed) *H. W. Norman.*

Opinion of Sir *E. Perry.*

As this is the first opportunity I have had of recording an opinion on the Despatch of the Government of India, dated 13th March 1879, I desire to say that I think the remission of cotton duties at that period was most inopportune, and that the overruling of his Council by the Governor General was unconstitutional, and a dangerous precedent for the future if allowed to pass unnoticed.

On the first point, I will merely say that after Lord Salisbury's celebrated Despatch of 11th November 1875, enjoining the entire but gradual removal of the cotton

cotton duties, when the Government of India replied, that with a small surplus of only 147,000 *l.*, and a loss by exchange of above a million, the state of the finances did not admit of any remission of taxation, Lord Salisbury fully acquiesced in their determination, and added, that the legislation required for such remission "could only be safely undertaken at a time when reliance might "be placed upon a steadily increasing surplus." Revenue Despatch, 31 May 1879.

At the present time when, instead of a surplus, we have a deficit of 1,355,800 *l.*, instead of a loss by exchange of one million, we have a loss (as stated) of 3,521,000 *l.*, the Governor General has considered it a suitable season for making the remission.

But, secondly, the mode in which the remission has been made I consider to be a still graver matter, and although a discussion on this point seems irrevelant whilst we are dealing with pure financial questions, no other occasion has been afforded to the Council for considering the Despatch of the Governor General in which he informs us that he has overruled his Council.

The remission or retention of a tax yielding 200,000 *l.* may be considered comparatively unimportant, but changes in the procedure of Government which has prevailed in India for centuries, and which, according to my view, has been framed in conformity with the views always prevailing among the English nation as to the necessity of placing a check on the exercise of arbitrary power, ought not, in my opinion, to pass without notice.

I think it will be found on a close examination of our political institutions in India that from the first establishment of a factory at Surat careful provision has been made sometimes by statute, more frequently by usage, to guard against arbitrary conduct by individuals, or, what is called in modern language, personal government.

It has been recognised that in India as in other Asiastic countries, the Government cannot be other than despotic, but checks of all kinds have been devised to restrain despotic acts by individuals. For this reason it was that all the local governments have been vested in a President and Council acting by a majority of votes, following in this respect the example of our predecessors the Portuguese. For the same purpose a minute or supervision of every action of their servants in India was conducted by the Court of Directors, and the provisions introduced by that body for the recording and transmission to England of every document relating to political action were subsequently embodied in an Act of Parliament. 13 Geo. 3, c. 69, s. 9.

For the same purpose the right of every individual in India who deems that he has been injured by Government, or by any Government officer, to petition the Home Authorities, has always been recognised.

For the same purpose the Act of 1858, although it has thrown upon the Secretary of State (most properly, as I venture to think) the entire responsibility of action, lays down in most precise language that he shall never act (except in two excepted cases) until after he has consulted with his Council. And herein is to be seen the fundamental distinction between the Council of India and the Councils of the Governments of India; the former is simply a consultive body, the latter with their Presidents constitute the actual governing authorities in India.

The government of the various possessions of the East India Company being thus seen to be vested in a President and Council at each Presidency, deciding all questions by a majority of votes, the practice so continued for nearly two centuries. But in 1786 Parliament deemed it right to interpose; for the factious opposition which Warren Hastings encountered in his Council had put a clog on all the useful operations of Government, and the 26 Geo. 3, c. 16, s. 7, which was repealed by the 33 Geo. 3, c. 52, s. 47, was passed. What was the remedy which Parliament applied? Did the Act give the Governor General power to overrule his Council on all occasions, as the Secretary has the power to overrule his Council here? Nothing of the kind. The Statute, after an elaborate preamble, disclosing the intentions of Parliament, gives the Governor General a discretionary power to overrule the Council only in three cases: these are, whenever, in the judgment of the Governor General, (1) the interests of the East India Company, or (2) the safety, or (3) the tranquillity of the British possessions are "essentially concerned."

By a subsequent Statute the interests of British India are substituted for the interests of the East India Company so far as the Governor General is concerned, but the powers of the Governors of Madras and Bombay to overrule their 3 & 4 Will. 4, c. 85, s. 49.

Councils are founded on 33 Geo. 3, c. 52, and, therefore, only arise where the safety or tranquillity of India is concerned.

If the enactments and preamble of the early Statutes are referred to it will be seen what pains the Legislature took to produce concord of opinion between the Governors and their Councils; and, that if eventually the Governor General or Governor deemed it necessary to overrule their Council, it was emphatically laid down that they were thereby "to subject themselves *personally to answer to their country for so acting.*" On reading these Statutes I cannot doubt that Parliament intended to grant the Governors these overruling powers only as the Act recites in cases of high importance essentially affecting the public interest, and which cases it defines precisely.

The policy which pervades this enactment is, to my mind, equally forcible now. The difficult problem of government in India has not become more simple, it has become much more difficult by the immense acquisitions we have made in later years, and by our own endeavours to diffuse education and enlightenment.

Any statesman going out from Europe to fill the high position of Viceroy must necessarily be far less acquainted with the wants, feelings, and interests of the people of India than the Councillors with whom he is associated. It is quite fitting in moments of emergency when the State is in danger and instant decision is required, that the Viceroy, trained in the statesmanship of Europe, should have an uncontrolled power of action; but on domestic matters, such as the present case, where the expediency of the Act depends on full knowledge of the people of India, I cannot think that it is in the interests of good government that the Viceroy's proceedings in overruling his Council should be approved. I may add, that I have caused search to be made in the Department for any record of a similar exercise of power in a question like the present, but nothing can be found.

16 July 1879. (signed) *E. Perry.*

OPINION of Sir *Barrow H. Ellis.*

I CANNOT in any way concur in paragraphs 30 and 31 of the Despatch, which approve of the remission of the import duties on cotton goods.

2. On the general question of the remission of these duties, I expressed my opinion on a former occasion, and I do not desire to re-open the discussion. But accepting the decision then passed that the duties were to be abolished when the state of the finances admitted, I contend that the remission decreed by the Viceroy in opposition to the majority of his Council was not justified by the circumstances of India at the time.

3. In fact the course adopted was at variance with the spirit of the former decision, and with the recorded speeches of successive Secretaries of State, for at no time since the question was first mooted did the state of the finances so ill admit of a reduction of our resources. Taxation had recently been imposed for providing for the cost of famines, but the proceeds of the taxes raised were in part applied to meet the general deficit; it follows that but for the abolition of the duties, so much less taxation would have been needed, and thus virtually the remission has been effected by taxing the people of India.

4. I need not go into the subject at greater length; the Minute recorded in the Governor General's Council by Mr. Rivers Thompson fully sets forth the reasons which compel me to dissent from the paragraphs above referred to.

(signed) *B. H. Ellis.*

18 July.

Opinion of Sir *W. Muir.*

I CANNOT approve the reduction of the cotton duties.

Under the resolution of the House of Commons, they were to be abolished when the finances admitted. But so far from admitting, the state of the finances urgently forbade any sacrifice that could possibly be avoided.

The reduction, in fact, has added to our permanent burden. At the very moment, we were borrowing to pay our way. But for this sacrifice, we might have borrowed 200,000 *l.* less; so much, therefore, has been added to our debt, and will continue to be added as long as we go on borrowing.

Apart from this, I submit that the reduction tends to aggravate the evil it was intended to remedy, the protection, namely, of Indian manufacture.

It is the adverse exchange rather than the duty which depresses the export trade of Lancashire with India. It is the growing debt of India with England which, in connection with the fluctuating value of silver, keeps down the exchange; and here we are again adding to that debt. The public demand made by England upon India has now reached the formidable sum of 17 millions annually; and private remittances included, must be over 20 millions. In other words, the exports of India must in some shape or other exceed the imports by more than 20 millions to produce equilibrium.

With the same currency, the balance against India would tend to redress itself by the drain of specie, and fall of prices there; but as (fortunately for the domestic interests of India) the currency is different, prices remain locally unaffected, and the balance of trade seeks to right itself through the exchange. Now, fall in the exchange is nothing more than fall in price *affecting the English trader*, but not the producer in India.

Thus for goods fetching 100 rupees in India, the English merchant, with the exchange at 2*s.* the rupee, receives 10 *l.* Exchange (owing partly to the adverse balance) subsides, and his 10 *l.* dwindle to 9, or even 8. The Indian manufacturer for similar goods still receives his 100 rupees, which (for all domestic purposes) are of the same value to him as before. It is the foreign trader alone who suffers.

It is true that one grand factor in the fall is the fluctuating value of silver in relation to gold. But the balance of trade is a potent element also, and must affect the English merchant irrespective altogether of the specie difficulty.

The only effectual relief to the adverse balance of trade lies in either—

(*a.*) Reducing the payments due by India to England; or,—

(*b.*) Increasing its export trade. Whatever tends to do either, or both, of these things will ease the trade of England.

The reduction of the cotton duties at the present time runs counter to both principles. It tends to increase the debt; it fails to stimulate the export trade.

In order to benefit English trade, the 200,000 *l.* (if available) should have been devoted, not to lowering the cotton duty, but first of all, to taking off the export duty on rice. That, indeed, would have brought a real advantage both to India and Lancashire; export would have been stimulated; the exchange bettered; and increased profit reached the English trader. As things at present stand, the more England exports, the worse for the English merchant; the more India exports, the better. For the adverse balance, weighted by the former, and not eased by the latter, is one of the causes now tending to wither the cotton market here.

India, it is said, needs and will have the goods of Manchester. It will, but more or less according to the price. If the producer is to realise 10 *l.*, as before, for his consignment, he must in the face of a falling exchange raise his price in India from 100 rupees to 120 or 130; and on these terms India will take less and less. Her own producer, all the while, can afford to sell at the old price; and therein lies his real protection.

The argument applies to all reductions of established taxation. To take off such taxes (even if they be otherwise objectional) at a time when we are also borrowing, is only to increase our debt, and by so much aggravate the burden

upon trade. Accordingly, I hold that the lowering of the salt duty at the present time was injudicious. The pressure of that duty was hardly felt; and even if it had been felt, the time was unpropitious. The gain to the Cheshire exporter and others is dearly bought by the corresponding addition to our debt, and the serious evils resulting therefrom; I would therefore qualify the praise, otherwise most justly given in this Despatch, to the Government of India for its salt arrangements. In any case, the reduction should have been postponed till we had ceased to borrow; and, then, the first surplus should have been devoted to sweeping away, at the earliest moment, the export duties still remaining.

I highly approve the policy of inviting payments, as for an open loan, into our Indian treasuries. So long as we need money for the prosecution of productive works, it is the surest way of reaching the indigenous hoards of India. The measure is advantageous both politically and economically; for debt so incurred having little or no connection with the English money-market, will not (like loans that come from England) affect the annual payments to England, and the consequent balance of trade.

But I cannot approve any Budget which continues to impose a cess on land, as is now the case in Upper India, unbalanced by a corresponding tax on other sources of income. I have already, in Minutes of 1877, placed my views on record on this subject, and need not repeat them now. In the matter of the Viceroy's overruling his Council, the law appears to have been strained beyond its manifest intention. How the object came to be magnified in the Viceroy's eyes, so as to warrant exercise of the extraordinary prerogative, it is not easy to understand. Still the law leaves the occasion absolutely in the Viceroy's discretion, and that seems all that can be said of the matter.

21 July 1879. (signed) *W. Muir.*

OPINION of Sir *H. S. Maine.*

THE Cotton Commissioners having reported to the Government of India that the tentative measures of the preceding year for the relief of the Indian import trade had not produced the expected effects, the members of that Government divided on the question, whether a further attempt should be made to relieve the trade at a financial sacrifice. The numbers were *three* for the proposal to exempt cotton goods of a certain quality from duty, *four* against it. The Governor General, who, with the financial member of Council, was in the minority, then exercised the authority vested in him by 3 Vict. c. 33. s. 5, and ordered the exemption as in his judgment essentially for the interest of British India. It seems to me that the mere statement of the facts shows all references to "personal government" to be irrelevant, and shows also that, when the Governor General is spoken of as having "overruled his Council," the expression is hardly accurate.

The course followed by the Governor General was in harmony with the understanding which has existed in the Government of India for more than 20 years. The proposal to deal with the cotton duties must have proceeded from the Finance Minister; and I am not aware that ever since Mr. James Wilson came to India in 1857, as the first Finance Minister, any proposal of the Member of Government holding that office has ever been rejected when the Governor General agreed with it. The very object of having a Financial Membership of Council (now provided for by Act of Parliament) was to go as near as the mechanism of Indian Government permitted to substituting the individual responsibility of a Finance Minister for the collective responsibility of the Council, under which the financial administration of India was, in 1857, supposed, rightly or wrongly, to have broken down. I doubt whether a single member of Lord Canning's Council sincerely approved of Mr. Wilson's great experiment of an income tax for India; yet it was tried. When I was, myself, a Member of the Government of India, the proposals of our financial colleague were always thoroughly discussed; but if he was not convinced, and had the Governor General on his side, he always had his way. In 1868, the Governor General, the lamented Lord Lawrence, employed the powers lately exercised by Lord Lytton to carry out a project of the Finance Minister for a new mode of

of calculating the opium revenue, the whole of the Council, except the Financial Member, opposing it.

I can understand its being argued that the action of Lord Lytton was not politic. I can also understand it being contended that this action was not legal. But I have great difficulty in meeting the argument that, though it was perfectly legal, it contravened the intention with which Parliament in 1793, originally conferred these powers upon the Governor General. In the permanent interest of the Government of India, it would be matter of much regret if such an argument prevailed. The Chief of that Government ought scrupulously to keep within the law, but if we force him, beyond ascertaining what is lawful, to enter upon quasi-legal, quasi-historical, considerations, as to what was in the mind of Parliament under widely different circumstances nearly a century ago, we shall go near to restoring the perverse form of Indian Government which existed in Warren Hastings' day, and to which Lord Cornwallis refused to submit. I have myself known Indian statesmen of the greatest natural resolution, to whom such doubts and the necessity for such a speculation would have been a clog on energy as serious as the systematic opposition of colleagues in Council. Fortunately there does not seem to be any ground for supposing that the legal authority of the Governor General is subject to the limitation suggested. In my own opinion, the existing modern intention of Parliament may be safely inferred from the care which it has taken to facilitate the exercise of these powers, by successive and progressive simplifications of the procedure to be followed by the Governor General (compare 33 Geo. 3, c. 52, s. 47, with 3 & 4 Will. 4, c. 85, s. 49, and with 33 Vict. c. 3, s. 5). The quasi-historical argument may be deemed to be disposed of by the authority of Lord Macaulay. In the essay on Warren Hastings, written in the full recollection of his recent experience as Law Member of Council, his description of the existing machinery of Indian Government, as contrasted with that in which Hastings was entangled, leaves no doubt that he considered the Governor General to have been invested by Parliament with unfettered power to overrule his Council. The excellence of a form of Government, which he speaks of as better suited to its objects than any other which could have been devised, is explained by him as lying in the obligation of the Governor General to give the fullest hearing to his Council—not in any qualification of the proposition (which is Macaulay's own), "the Governor General is, as to all executive measures, absolute."

I submit, then, that Lord Lytton had full discretionary power to give effect to the opinion of the minority of his Government, and that the sole question of a legal nature which the proceeding suggests is whether the exercise of this discretion was "reasonable," such, that is, as may be attributed to an intelligent man, acting in good faith. And at this point, no doubt, it becomes difficult to separate the legal argument from the argument on policy.

It may be permissible to assert in an India Office Minute that the British dominion is of inestimable value to the natives of India. It rescued all those millions from anarchy, and into that anarchy they would relapse, if it were withdrawn. If, however, it be asked what advantages this country derives from its connection with India, and what inducements it has for maintaining it, the question is not easily answered. The disadvantages of the connection have been brought into remarkable prominence by recent events. All the foreign policy of the country is affected by it. England has to submit to be called an Asiatic rather than an European power. The indefinite liability fastened on her by difficulties of Indian finance causes legitimate anxiety to English statesmen; and Englishmen, of all classes, are forced by the relation of their country to India to go through a process at all times most distasteful and even painful to them, that of reviewing and qualifying their fundamental political maxims. Amid all these disadvantages, what are the motives for preserving the connection? National pride in an empire once acquired is a strong one; so also, let us hope, is the sense of great benefits conferred by the British dominion on a large portion of the human race. But after all, the one solid, tangible, material interest which Great Britain has in India is its interest in Indian trade. The importance of the trade has greatly increased. As market after market is blocked or closed by the reviving protectionism of the world, the Indian market becomes increasingly valuable. If, then, this trade languishes and withers under the influence of the duties dealt with by Lord Lytton, the interests of

this country, no doubt, suffer; but to a far greater extent are the interests of India essentially affected, for the one great material security for the maintenance of the connection with England is most seriously weakened—that connection without which there would neither be Indian cotton mills nor possibly Indian cotton. It is impossible to say what might happen if, in a great emergency, the English people formed, upon careful calculation, the opinion that they had no material interest of any kind in India.

The stake which India has in the integrity of her connection with Great Britain might justify Englishmen in calling on her for some sacrifice for the sake of maintaining it. But in point of fact, nobody who has any faith in freedom of commerce can believe that there has been any sacrifice at all. If the Indian manufacture has not that high artificiality of which it certainly has the lock, it will stand. If it ceases, India will be restored to her natural productive vocation. I have heard no answer to the economical argument, except that the repeal of the Indian export duty on rice ought to take precedence of the diminution of the cotton duties. This opinion seems to be chiefly based on a mistake of fact. India enjoys a virtual monopoly of the European rice market. There are strong general arguments against export duties, but they do not apply to the special case in which the exporting country has a monopoly of the article upon which it places a duty.

I think, therefore, that Lord Lytton was right in the course which he followed, and, assuming that the reasons for taking it have really the urgency which they possess in my mind, I consider that he rightly took it, even at the cost of a sacrifice of revenue at a time of financial embarrassment. As to the railing accusation that the Governor General was influenced by the clamour of the Lancashire cotton interest, I contend that the opinion of the north of England was a legitimate element in the question before Lord Lytton. It was a clear indication of what might be expected to happen if the trade with England were really destroyed by a protective tariff. On other grounds I deeply regret the language about "Lancashire" and "Manchester," which defaces the papers before us. Nothing could be more valuable to the Government of India than a body of English opinion steadily directed towards Indian affairs by a healthy material interest in them. At present (putting Parliamentary criticism aside) we are too much at the mercy of amateurs. Hence come the alternations of apathy and spasm in English opinion about India; hence the wild exaggerations both of our difficulties and of our successes. There could be no worse result of Indian financial policy than that the opinion of the north of England should become indifferent to topics of Indian Government.

(signed) *H. S. Maine.*

Opinion of Lieutenant General *R. Strachey.*

It is not a little remarkable that in the discussions which have taken place on the recent reduction of the cotton duties the opponents of the measure, whether in this Council or elsewhere, have made hardly any reference to the arguments by which the Government of India supported their action. It might almost be supposed, from what has thus been said, and left unsaid, on the subject, that no justification had been shown or could be shown for the course followed; that the sole consideration of weight in the matter was the effect on the Customs revenue; and that this effect would necessarily be of an alarming, if not of a ruinous character, and had not been duly taken into consideration.

Nothing can be further from the actual facts than the views thus suggested. The action taken was shown to have been an almost essential consequence of what had previously been done in the same direction, and the probable effect on the revenue was in no degree lost sight of.

The tentative reduction of the cotton duties in 1878 was found by actual experience to have been virtually inoperative, by reason of the too restricted definition of the classes of goods to which the exemption was to apply. That definition had been purposely limited in its scope, because assertions had been freely made that no definition could be found which would enable the Customs' officers

officers to admit the class of goods which it was desired to exempt from duty, without opening the door for great frauds or evasions, and the Government desired to proceed with caution. The experiment, however, has in one sense been quite successful, for it has established the fact that a satisfactory control can be exercised over the goods for which exemption is claimed, though it has at the same time shown that the particular line first drawn could not be maintained, because it made an arbitrary distinction between classes of goods among which there was little essential difference as regards their being within reach of Indian competition or otherwise.

The special inquiry undertaken at the beginning of 1879 showed in a conclusive manner, that if the action of the previous year was not to continue illusory, the exemption from duty must be extended to classes of goods not at first included, and that the only standard that could be accepted as a test for exemption was the quality or fineness of the yarn of which the goods consist. The exemption under the orders of 1878 was reported to have led to a reduction of the duties amounting only to 13,000 *l.*, against an estimate of 40,000 *l.*, based on the quantities of the same classes of goods imported in 1875, thus indicating that these coarser goods were being excluded from the Indian markets, a result which was otherwise shown to be taking place by the rapidly increasing value of the export of Indian cotton manufactures, which, in 1877-78, was nearly a million sterling.

The question, therefore, was forced on the Government whether, after the repeated declarations of the intention to get rid of these duties altogether, and more particularly, and at the earliest possible date, to remove that part of them which was protective in its character, all really effectual action should be still further indefinitely postponed ; or whether, in the face of the convincing proof adduced by the inquiry of 1879, that the measure of 1878 was virtually inoperative, the Government should not rather at once give positive effect to its avowed intentions, and free itself from the charge of keeping its promises to the ear only, and not in fact.

It was obvious that the adoption of the course actually taken must be followed by a sensible loss of revenue, and the objections to this were apparent. But the amount was not of very serious magnitude, and the disadvantage of accepting such a loss had to be weighed against the importance of closing a controversy which had become greatly embittered, and threatened to take still larger dimensions, and of fulfilling pledges which had so long been given, and so often reiterated without leading to any practical results.

I have no hesitation in saying that the Governor General decided rightly in making this sacrifice to secure so important an object. If all that had been done was to give a practical proof that the intentions of the Government of India to remove the import duties on cotton manufactures at an early date had not been abandoned, and that its professions were not mere words, it would have been worth the temporary loss to be incurred ; for in my estimation, if the amount to be sacrificed was as much as 200,000 *l.*, this sum viewed in relation to the total yearly revenue of upwards of 60,000,000 *l.*, is not a large sum to pay for a first step towards what, I trust, may be the complete liberation of the trade of India.

For my own part, I have long professed complete readiness to facilitate the removal of the cotton and other objectionable import or export duties from the Indian tariff by any practicable means that can be devised, and I would support the imposition of new less objectionable taxes to enable the Government to get rid of these imposts, which I believe to be among the very worst sources of revenue that could be devised for a country in the condition of India, the growth of whose prosperity is so intimately bound up with the extension of its foreign trade. When saying this, I am, of course, quite aware that, in the earlier stage of the discussions which led the Secretary of State to give instructions for the removal of the cotton duties, a proviso was introduced that the measure should not be carried out until a favourable condition of the finances justified it. But this proviso was certainly not designed to render the instructions a dead letter for all time, and it has assuredly now become necessary to make a choice between abandoning the intention wholly or proceeding to carry it into effect. A position in relation to the duties had been reached at the commencement of 1878, when it became possible to take a first step towards their reduction, and

the temporary financial difficulty that has since arisen seems to me to offer no sufficient justification either for going back or for not going forward with a reform of such vital importance.

I feel satisfied that no serious difficulty will arise in the proper re-adjustment of the public income and charge; but if it were otherwise any sacrifice that might be necessary to admit of the early complete removal of the cotton duties would, in my opinion, have much to recommend it.

While thus stating my own conclusions, I readily admit that the question whether the time for proceeding with these measures was opportune or not, is fairly open. But it is beyond dispute, that to the majority of the opponents of what has been done no time would be opportune; and the minutes of the dissenting members of the Governor General's Council proclaim this openly, and voices in the same sense have been heard here. I do not think it necessary to reply to arguments of avowed or concealed advocates of protection, but it is plain that so far at least as Indian opinion is concerned, the real opposition to the reduction of these duties rests on the belief that protection is beneficial. I need not inquire to what extent such a belief springs from a feeling of personal interest, but the evidence is complete that this is largely the case. If it be true, that with very few exceptions Indian officials are still of opinion that the cotton duties should be retained, I can only express my regret that they have not benefited more by the cogent arguments of the various Despatches of the Secretary of State, and Resolutions of the Government of India on the subject, which appear to me unanswerable, and certainly have not been answered by any of the statements now put forward in opposition to them.

Among these statements, one of the most strange is, that the exemption of these goods from duty will be in the interest of Manchester, or Lancashire, and not of India. Now the sole means through which the English manufacturer can benefit by such an exemption is the reduction of price to the Indian consumer which will be its consequence, and it is plain that while the whole of this reduction of price will benefit the consumer, a part of the advantage only will find its way to the manufacturer. Moreover, in proportion as the duties have been protective, so will the area be enlarged, over which the reduction of price and of increased consumption, and of consequent Indian advantage, will extend. It is not only the reduced price of the imported goods that will affect the consumer, but the reduced price of all the Indian goods that could before compete with the imported goods, by reason of the duty to which the latter alone were subject. These truths, however, are so well known that I need not dwell further on them. But I may call to mind the fact that the value of the cotton manufactures now imported into India is about 20 millions sterling, and that this will afford an index, though an imperfect one, of the vast importance of the trade to the Indian consumer, whose interests in these measures are so astonishingly denied or wholly lost sight of, by those who oppose the reduction of the duties.

The maintenance and development of British and foreign cotton manufactures, which are directly dependent on the maintenance and development of the sale of the manufactured goods imported into India, are essential to the existence of the export trade of Indian raw cotton, and the revival of this trade, which is of such great importance to almost every part of India, can only be hoped for in connection with a more prosperous condition of the foreign manufacturers.

I have some difficulty in knowing how to deal with one part of Sir A. Arbuthnot's Minute. He states his belief that there are not a dozen officials in India who do not hold that these measures have been adopted, "not in the interests of India, not even in the interests of England, but in the interests or the supposed interests of a political party, the leaders of which deem it necessary at any cost to retain the political support of the cotton manufacturers in Lancashire." He does not expressly commit himself to holding this opinion, but he leaves it to be inferred that he is not one of the dozen who perhaps think differently. Neither does he say to whom he imputes these motives, nor how he has arrived at the knowledge of them. In the nature of the case he could have no real knowledge of such matters, and as a fact, the persons chiefly concerned in proposing the measure under discussion, and without whose co-operation it could not have been carried out, had no community of interests with any political party either under the conditions referred to or under any others. It

may

may confidently be anticipated that among recent episodes of Parliamentary Government by party, which calm judgment may hereafter condemn, will not be found the vote of the House of Commons approving this partial removal of protection in the Indian cotton trade, unless it be because its unanimity was broken by the voices of a few of those who in other circumstances were to be found leading the advocates of free trade. The circumstances under which the general policy of removing the Indian cotton duties was adopted are well known, and their nature and the character of many of the chief supporters of that policy afford the most complete proof of the utterly groundless nature of these imputations, which, if they were not rendered harmless by their inherent absurdity, might deserve to be described by some harder words.

The dissentient members of the Council of the Governor General have not left in any obscurity the nature of the reasons by which they were led to oppose the measures in question. Mr. Stoke's Minute is an undisguised advocacy of protection, and it raises objections to the proposed extension of exemptions, because this is evidently a step towards the ultimate extinction of the whole of the duties, which the Secretary of State, with the approval of Parliament, has ordered to be removed. Sir A. Arbuthnot, though not directly advocating protection, objects no less decidedly to the loss of the revenue obtained from the cotton duties, while Sir A. Clarke gives, as his ground for concurring in the views of Sir A. Arbuthnot in opposition to the proposed measure, his continued support of the policy of the Tariff Act of 1875, which has been emphatically condemned by the Secretary of State in Council for the precise reason for which it is now supported by Sir A. Clarke, namely, that it involved the retention of the cotton duties.

I have no intention of imputing blame to anyone for candidly expressing the opinions he holds. But it is plain that the Governor General, when exercising his indisputable legal power of overruling the members of his Council who professed opinions such as those to which I have referred, did nothing more than support the authority of the Secretary of State in Council, whose instructions those members were seeking to set aside. Nor is it irrelevant to the present discussion to add that the action thus taken by the Governor General was forthwith approved by a vote of the House of Commons, to which no opposition was offered.

We have heard, in this discussion, that the Governor General should feel the weight of the responsibility placed upon him, not lightly to act on his statutory power of overruling his Council. And this is doubtless true. But there is a corresponding responsibility resting on the members of his Council not lightly to oppose the authority of the Governor General, which, as Sir H. Maine has very truly pointed out, both the law and the traditions of the office place far above a mere voting power on a footing of equality with the rest of the Council, and if ever that authority should be respected it should surely be when it is exerted to give effect to a policy dictated by the Secretary of State, and supported by Parliament.

2 August 1879. (signed) *Richard Strachey.*

I concur,
(signed) *A. Cassels.*

BOMBAY BRANCH
OF THE
Royal Asiatic Society.
CLASS

EAST INDIA (COTTON DUTIES).

COPY of the OPINIONS of MEMBERS of the INDIAN COUNCIL in reference to the APPROVAL by the SECRETARY of STATE for INDIA in COUNCIL of the REDUCTION of the INDIAN COTTON DUTIES, as communicated to the GOVERNMENT of INDIA in the DESPATCH on the BUDGET of 1879–80.

(*Mr. Fawcett.*)

Ordered, by The House of Commons, *to be Printed,*
14 *August* 1879.

392.

Under 2 *oz.*

COTTON DUTY (INDIA).

RETURN

To an Address of the HOUSE OF LORDS, dated 29th April 1879,

FOR

COPIES of any MINUTES which have been recorded under 33 Vict. chap. 3., by Members of the Council of the Governor General of India on the REDUCTION of the CUSTOMS DUTY upon COTTON MANUFACTURES by the authority of the Governor General contrary to the opinion of the majority in Council.

MINUTE by the Honourable W. STOKES, C.S.I., dated 13th March 1879.

I DISSENT from the proposal to exempt from import duty cotton goods containing no yarn of a higher number than thirties:—

Firstly, because the financial condition of this country is so deplorably bad that we cannot afford to lose even twenty lakhs a year, which sum is said to be about the annual cost of the proposed exemption. We have spent our Famine Insurance Fund, or what was intended to be such. We are carrying on a costly war with Afghanistan. We may any day have to begin one with the King of Burma. Our estimates show a deficit. We have now to borrow five crores in India, and we are begging for two millions sterling from England. Our income is almost stationary. Our opium revenue is precarious. And our difficulties arising from the depreciation of silver seem, for some years at all events, likely to increase rather than diminish. We have exhausted all gainful sources of indirect taxation, and for every tax we surrender we must, therefore, impose a direct tax. Knowing, as I do, the horror (in my opinion the reasonable horror) of new direct taxation, which is felt by the natives of India, I cannot think it wise to do anything which must lead to its imposition. It is painfully clear that the time has not arrived for even a partial fulfilment of the undertaking that the import duty on cotton goods should be repealed as soon as the financial condition of India permitted.

Secondly, because the surrender of duty now proposed will inevitably lead to the surrender, at no great distance of time, of the import duty on all other cotton goods, that is to say, of about sixty-five lakhs a year. The powerful Lancashire manufacturers will be encouraged by their second victory to new attacks on our revenue. It will be said that the retention of the duty on the finer cloths enables the India-made coarse goods to displace the finer goods imported, and thus operates as an indirect protection. The argument seems to me fallacious; but it will be none the less effective in the mouths of those that will use it against the helpless people of India. If ever we have any true surplus, we should, in my opinion, lessen some of our direct taxes rather than abolish any of our moderate import-duties.

Thirdly, because, apart from the trifle we obtain as tributes and *nazránas* from the native states, the only way in which we can get those states to pay anything towards their proper share of our expenditure in keeping the peace of India and protecting it from invasion is by taxing their consumption of salt, and by levying import duties on the cotton goods which are landed at our ports and pass through our territories into theirs. To give up any part of those duties, therefore, amounts to a relinquishment *pro tanto* of the means of making the native states contribute, as they clearly ought, to the expenditure above mentioned.

Fourthly, because the present duty on cotton goods is not, so far as I know, complained of by anyone except the Manchester manufacturers and the merchants in India who are interested in importing Manchester goods. When we have got a tax to which the people who pay it are accustomed, and of which they do not complain, it surely is unwise to give up that tax, and replace it, as we must, by some new and odious burden. I fully admit the danger of keeping open between the people of India and the manufacturers of England an irritating controversy, but it seems to have been

forgotten that this controversy may be closed by the latter relinquishing their attack on the Indian fiscal system, as well as by the former surrendering a portion of their scanty revenues.

Fifthly, because the free admission of cotton goods would probably destroy a promising and useful local industry, and, in the absence of competition, the Manchester manufacturers would practically compel the people of India to buy cotton cloths adulterated, if possible, more shamefully than such goods are at present. The cost of the clothing of the people would thus be increased rather than lessened, and the arguments founded on the injurious effect of an imaginary protection would lose the little force that they ever possessed.

Sixthly, because nothing will ever induce the people of India to believe that the proposed exemption, if made, has been made, as no doubt we shall say it has, solely in their interest. They will be convinced by their newspapers (which are read aloud in every bazar) that it has been made solely in the interest of Manchester and for the benefit of the Conservative party, who are, it is alleged, anxious to obtain the Lancashire vote at the coming elections. Of course the people of India will be wrong: they always must be wrong when they impute selfish motives to the ruling race. Nevertheless, the evil political results likely to follow from this popular conviction should not be ignored, and should, if possible, be avoided.

Lastly, I object to the way in which the proposed change in the law is to be effected. The Viceroy, as I understand, intends to overrule the majority of his Council and to make the proposed exemption by Executive order, in the Revenue Department, under section 23 of the Sea Customs Act. Such an order is, no doubt, authorised by the terms of that section. But the Indian Legislature, in conferring on the Executive power to make such exemptions, never intended that it should be exercised so as to make suddenly a vast change in our law, affecting not only the importers and consumers of the particular class of goods dealt with, but the taxpayers of India in general—a change that will not only seriously diminish our present revenue, but force the hand of the Legislative Council by compelling them to impose new direct taxation. The power to exempt goods from Customs duties was originally conferred by Act XVIII. of 1870, and was merely intended to relieve the Executive from the useless and troublesome formality of coming from time to time to the Indian Legislature to make in the tariff petty alterations which that Legislature, if applied to, would have made at once. The change now proposed is of a very different character. I have reason to think that it would never be sanctioned by the Legislative Council, unless, indeed, arguments were brought forward in its favour far more cogent than those that I have heard. The proposed exemption of cotton goods, if made by a mere Executive order, will thus resemble what lawyers call a fraud on the power; and there is, unfortunately, no court of equity to relieve the people of India against it.

WHITLEY STOKES.

Calcutta,
The 13th March 1879.

MINUTE by the Honourable A. R. THOMPSON, C.S.I., dated 15th March 1879.

Exemption of Duty on Cotton Imports.

IN the discussions which preceded the publication of the Financial Statement for 1879–80, I with several of my colleagues in the Council objected to that portion of the proposals which related to the further exemption from Customs duty of all imported cotton goods containing no yarn finer than 30's. His Excellency the Viceroy, by the authority vested in him by Act XXXIII., Victoria, cap. 3., section 5, overruled the objections and directed the adoption of the Finance Minister's proposal; and as a member of the dissentient majority in the Council I desire to place on record the reasons which in my opinion justify my opposition to that measure.

I yield to no one in the condemnation of any form of taxation in India which operates in defiance of the fundamental principles of British commercial policy and fosters local industries by restrictions on other classes of Her Majesty's subjects; and so far as the inquiries of the Tariff Committee have established the fact that there is a real competition in the coarser qualities of cotton goods between English and Indian

manufacturers, I have never hesitated to accept the conclusion that the application of relief in this direction to be effective must extend to the exemption from Customs duties of all cotton goods *of every size and denomination* if made of yarn of No. 30's and under. No intermediate limit would reach the directly protective character of the duty; and it is on this point that the reclamations of the home manufacturers are justifiable, and claim at our hands a remedy.

With the acceptance, however, of this principle, as enunciated by the late Secretary of State for India, and affirmed by the House of Commons in the resolution that "the "duties now levied upon cotton manufactures imported into India being protective in "their nature are contrary to sound commercial policy and ought to be repealed "without delay," it is impossible to set aside the condition which attaches to every public utterance and every official statement that has been made on the subject, viz., that the fulfilment of the pledges to gradually remove these duties was dependent upon the satisfactory condition of the finances in India. Such a proviso formed a part of the resolution which has already been quoted. It was recognized as an essential feature of the measure in the speeches of every Secretary of State and Viceroy who has had to deal with the question; and if the impending motion in the House of Commons at the instance of the member for Blackburn has had anything to do with the action which His Excellency has sanctioned in the present instance, there too the whole contention as to the desirability of further relief is based on the assumption that "the surplus of Indian revenue affords the means of doing so."

If any idea has prevailed in England, and I am afraid from some inadvertent expressions in Parliament in connexion with the expenses of the Afghan war it has prevailed, that India would now possess a surplus available for the remission of taxation, the financial statement which has just been made public must dispel such an illusion. I have never seen an official document which contained a more depressing representation of present facts or which foreshadowed a gloomier prospect in the future; and I regret to think that in accepting the financial member's proposal for the redemption to a considerable extent of the cotton duties this year His Excellency has underrated the gravity of the situation.

The Budget statement must speak for itself. It is not that there is no surplus in the most restricted sense of Indian finances to admit of reduction of any taxes, but that the estimate for the year upon which we are entering exhibits a deficit of 1,395,000*l.*; and even this very considerable deficit is only not greater because the promises under which special taxation was raised last year have been disregarded, and the money intended for special purposes has not been used for those purposes, but has been absorbed in the general revenues. It is necessary to bring these facts into prominence. The frequent desolations from famines spreading over wide provinces in India during the last few years led the Government, 12 months ago, to adopt the unusual course of attempting by special measures of taxation to provide against what appeared to be a regular recurring evil of great intensity. The poverty or the unthriftiness of the people precluded the notion that they would ever possess the resources necessary to meet the pressure of such calamitous seasons; and thus Government in the interest of the helpless masses, undertaking the responsibility of maintaining life during severe times of scarcity, imposed new taxes for the creation of a reserve fund upon which to draw when famine was in the land. It was the object of the Government of India that a million and a half (sterling) should thus be provided in ordinary years as a protection against famine, and that the money should be utilized in the promotion of public works of a remunerative character, which at the same time, in the event of famine, would help in its relief by the establishment of speedier and more complete communications. The Government of India, with very solemn attestations, devoted this money as an insurance against famine alone. Sir John Strachey then said: "We consider that the estimates of every year ought to "make provision for religiously applying the sum I have mentioned to this sole "purpose; and I hope that no desire to carry out any administrative improvement, "however urgent, or any fiscal reform, however wise, will tempt the Government to "neglect this sacred trust." Apart from this, half a million was to be reserved under these taxes "as a margin such as every solvent state ought to maintain to meet unforeseen contingencies." The admissions of the Budget statement show that the arrangements for the above purposes "have for the time failed to produce the desired effect;" and in view of the peculiar character of this recent taxation, the appropriation of its proceeds for the ordinary current expenses of this country, in the very first year of its institution, affects our position seriously in more ways than one. The famine

insurance fund is gone, and if famine arises its cost must be met by extra taxation; but it has also the graver aspect of exciting the very injurious suspicion that the Government has been wanting in good faith.

It is alleged in the financial statement that one of the strongest reasons for the removal of these duties is the political consideration "of the danger of keeping open "between two great communities of Her Majesty's subjects an irritating question "which can be closed by one and only one solution." Allowing every force to the statement, and I believe that the extraordinary depression of trade at home gives additional weight to it at the present moment, I still venture to submit that the embarrassment arising from the controversy with the large bodies of cotton manufacturers in England is under the circumstances only a temporary embarrassment, and that certainly it is a very trifling inconvenience in comparison with the political danger which disaffection and discontent among our Indian population must engender; and that such discontent exists every paper, European or native, in this country testifies. It is true that no extra taxation has been imposed in the present Budget for the purpose of making up the reduction of the cotton import duty now effected; but with an unfinished war on our north-western frontier, with threatening complications with the Burmese Government, with the very severe and annually increasing losses imposed upon the Government of India by the fall in exchange, and at a time when the Finance Minister has to raise a loan of five millions in India, and to get another loan of two millions raised in England to cover the expenses of the year, I fear there is too much reason to anticipate that the prediction will be verified before the year closes, that "it will become necessary to take measures of a most serious nature for the improvement of the financial position."

It is not at such a time that in my judgment any portion of the cotton duties should be repealed; and I deprecate the procedure all the more because in impending circumstances at home the measure has all the appearance of the subordination of the reasonable claims of the Indian Administration to the necessities of English politics.

RIVERS THOMPSON.

March 15, 1879.

MINUTE by the Honourable SIR ALEXANDER J. ARBUTHNOT, K.C.S.I., dated the 15th March 1879.

THE Secretary of State has been informed by our despatch of the 13th instant, No. 3, that I and a majority of my colleagues in the Council of the Governor General did not concur in the propriety of exempting from Customs duty all imported cotton goods containing no yarn finer than 30's, but that the Governor General being of opinion that the measure was one "whereby the interests of British India are essentially affected," and that the measure should be adopted and carried into execution, had, under the authority vested in him by Act 33 Vict., cap. 3., section 5, given orders to that effect. At the special meeting of Council held on the 12th instant, at which the decision of the Governor General was announced to the Council, I stated at some length the reasons which led me to consider the measure to be unwise both from a financial and from a political point of view, and to be specially ill-timed at the present juncture. I now desire to place these reasons on record, in order that they may be laid before the Secretary of State.

2. Commencing with the financial aspect of the question, I may observe that if the Budget estimate for the ensuing financial year had not been more unfavourable than the regular estimate for the year now about to close, I should have regarded the remission of duties yielding an estimated revenue of 200,000*l.* which are easily collected, and which practically are not felt by the people, as a measure of somewhat questionable expediency. The Budget estimate for the current year provided for a surplus of 2,216,000*l.*, of which 1,500,000*l.* was intended to constitute a Famine Insurance Fund, and 500,000*l.* was provided to meet those other demands which cannot be foreseen but which will inevitably occur. The actual result, so far as it can be shown by the regular estimate, based, I believe, upon the actuals of ten months and upon a careful estimate for the remaining two months, is a surplus of only 1,309,000*l.*, and of this surplus some 600,000*l.* is composed of abnormal receipts which cannot be counted on in future years. Treating the expenditure of 555,000*l.* actually incurred on famine relief as a contribution to the Famine Insurance Fund, the sum which would have been available for Famine Insurance, had there been no

abnormal receipts, is thus reduced to 550,000*l.* + 709,000*l.* = 1,259,000*l.*, or 241,000*l.* less than was pronounced last year to be necessary for this particular purpose. Looking to these facts, and bearing in mind that the war in Afghanistan is not yet at an end, and that the political horizon in the direction of Burma is exceedingly threatening, I should have deemed it very doubtful whether the present was an opportune time for the remission of duties which has now been carried out, even if the financial forecast for the ensuing year had not been more unfavourable than the financial results of the year now about to close. When, however, I turn to the forecast for 1879–80, and when I find that this forecast provides for a deficit of 1,395,000*l.*, while the Famine Insurance Fund, upon the necessity of which so much stress has been laid, has to be altogether suspended for the present, any doubts that I might have entertained are replaced by the most unhesitating conviction that it would have been scarcely possible to select a more unsuitable time, either for a reduction of the cotton duties or for any other reduction of indirect taxation. Not only are we at the present moment engaged in a war with Afghanistan, the duration and consequent cost of which are still quite uncertain, while affairs in Upper Burma have recently taken such a turn that we have thought it right to authorise our resident at the Court of the King of Burma to exercise his discretion as to quitting his post, and have been compelled to send considerable reinforcements for the protection of British Burma; but our main financial difficulty, that arising from the heavy fall in the value of silver, is of such a nature—and it is so impossible to affirm that the evil will not continue and go on increasing—that we have been forced to announce to the people of India that "it is extremely difficult to follow any settled financial policy, for the "Government cannot even approximately tell what income will be required to meet "the necessary expenditure of the state."

3. A good deal is said in the concluding paragraphs of the Budget resolution of what might have been the state of the facts if there had been no war and no famine and no fall in the value of silver. Such questions, it appears to me, have rather a speculative than a practical interest. The actual facts with which we have to deal, are—one war actually in progress, and another which, if it cannot be said to be actually impending, is so clearly a possible, and indeed a proximate contingency, that we have already been forced to move troops from India to Burma, in anticipation of its breaking out; famine in the immediate past, with the admitted certainty that its periodical recurrence is a thing for which it is our duty to provide; and worse than all, a fall in the value of our currency, of the duration and the possible extent of which we are alike uncertain. I cannot think that this is a time for parting with or reducing any source of income which is so easily realized as the import duty on cotton goods.

4. I do not overlook the prospect of a loan from the Imperial treasury in aid of the war in Afghanistan, to which reference is made in the Budget resolution, and which I gather from the English papers is likely to be in the form of a loan, to be repaid by instalments without interest. Such aid, if it be granted by Parliament, will help us to tide over our immediate difficulties; but I assume that the loan will have to be repaid eventually, and I apprehend that when the time comes for doing so we shall regret having cut off a source of income which would have materially aided us in repaying the loan. And here I wish to observe that apart from the immediate cost of the present war in Afghanistan, that war (unavoidable as, in my judgment, it has been), and the causes which have led to it, are likely to entail a permanent increase to the military charges of India. I do not for a moment believe that the rectification of frontier, which we desire to effect, will not necessitate an increase to our military expenditure. For many years to come, at all events, the occupation of the principal passes into Afghanistan, even if we do no more than this, must entail a larger military force than that which has hitherto sufficed; but as yet we cannot tell what further steps may or may not be the necessary result of the advance we have made. It may be very desirable, but it does not follow that it will be possible to restrict our occupation to the limits which have been assigned to it. There is apparently an inevitable tendency to bring the two great military powers, which now practically hem in Afghanistan, into greater proximity, and there can be no question that every step that is taken in this direction must be followed by an addition to our military charges. The suggestions which have been recently made for reducing the cost of the army of India appear to me, under present circumstances, to be based upon an extraordinary misconception of the most palpable facts.

5. It is argued in the resolution (paragraph 195) that the serious financial difficulties in which the Government of India is at present involved do not furnish a

sufficient reason for refusing to sanction any further remission in the duty on cotton goods. In regard to the war, it is stated that the "Governor General in Council "cannot recognize in this fact any reason whatever for the postponement of a neces- "sary fiscal reform;" and with reference to the difficulties caused by the increased loss by exchange, it is observed that "they will not practically be aggravated to an appreciable extent by a loss of 200,000*l.*" Adverting to the first of these observations, if the meaning be that the fiscal reform alluded to is so necessary as to outweigh all considerations of financial economy, I deny the alleged necessity, and I consequently dissent from the assertion that the war does not furnish a strong reason for postponing the sacrifice of revenue which the reform in question involves. This assertion, I would remark, is strangely in contrast with the principles laid down for the guidance of the Government of India by the Marquis of Salisbury in his earlier despatches on the subject of the cotton duties. At the time when those despatches were written the estimates for the year showed a probable surplus of 506,000*l.*: and with reference to this state of things Lord Salisbury wrote* as follows:

"The absence of any considerable surplus presents an obstacle to the accomplishment of reforms which are urgently required in more than one department of your fiscal system. I refer especially to the salt duties and to the import duties upon cotton goods and manufactures. These measures can hardly be undertaken without a temporary sacrifice of revenue, and therefore cannot prudently be adopted without a larger surplus.

The foregoing remark was penned in 1875, when, as I have said, there was a surplus of half a million. In 1879, when we are budgetting for a deficit, which, if we consider a Famine Insurance Fund to be an essential part of our financial system, amounts to little less than three millions, it is held that the circumstance of the country being embarked in war is no "reason whatever for the postponement of a necessary fiscal reform." The argument that because our difficulties are so great it will therefore do no harm to add to them to the extent of 200,000*l.* is the sort of argument that I should not have been surprised to hear from the lips of an embarrassed spendthrift, but which seems to me utterly out of place in a resolution dealing with the finances of an empire. It betrays, in my opinion, a disregard of the first principles of financial economy, which is equally certain to lead to disaster, whether it be applied to the fortunes of an individual or to the finances of a state, and which cannot be too emphatically condemned.

6. Moreover, it is impossible to feel sure that the estimated sacrifice of revenue which this measure involves will not be considerably exceeded. The report of the Commission, which is appended to the resolution, is on this point most cautiously worded. Describing the estimate of the loss involved in the comparatively small remission of duties made last year as obscure and doubtful, they remark that "it is "certainly compared with any figures that can be offered relating to the extension to "all goods made of 30's and under, which is now in question." They say that "the "extension (of exemption) under discussion will probably soon effect a complete "revolution in the piece goods trade." They describe the exemption as "invading in "unknown force the great domain of shirtings and long cloths, which produces about "a third of a million sterling." The figures on which their estimate is based are put forward with the remark that they are "possibly of little worth, and are derived as "regards Calcutta from our sifting of the various surmises which have come before us." There is evidently no certainty that the estimated loss of revenue will not before long reach a much higher figure than 200,000*l.*

7. Other considerations, which I think should not be overlooked, are the natural tendency of the concession which has now been made, to lead to demands for further concessions in the same direction, and the fact that the revenue involved in those demands represents a further sum of 600,000*l.*, for it must be borne in mind that it is not only the duty on coarse cotton goods, but the whole of the duties on cotton goods, against which the reclamations of English manufacturers have been directed during the last four years; and the remission of duty which has been ordered by the Secretary of State, to be carried out whenever the state of the finances admit, applies to the whole of the cotton duties, and involves a total sacrifice of Customs revenue, not of 200,000*l.*, but of 815,000*l.*

8. Allusion is made in the Budget resolution to the resolution adopted by the House of Commons on the 11th July 1877, in favour of a repeal of the cotton duties. Admitting that any resolution passed by either House of Parliament is entitled to implicit respect from the Government of India, and assuming, for the sake of argu-

* Despatch No. 364, dated 15th July 1875.

ment, that the duties which have now been remitted may have been in some measure protective,—on which point, however, the members of the Commission, upon whose report the decision of the Governor General purports to have been based, have carefully guarded themselves from expressing an opinion,—I must be permitted to observe that the step which has now been taken is not only not rendered necessary by the resolution in question, but is directly at variance with the condition embodied in it, which is to the effect that the repeal of the cotton duties is only to be carried out "so soon as the financial condition of India will admit." By the resolution of the House of Commons the Government of India were in no way set free from the responsibility which belongs to them for maintaining the solvency of the state. It in no way justifies them in reducing this particular source of revenue in the face of a serious financial deficit.

9. In the preceding remarks I have dealt almost exclusively with the financial aspect of the question; but the question has a political aspect as well, which, in my opinion, is not less important than the financial one. There can be no doubt that the people of India attribute the action which has been taken by Her Majesty's Government in this matter to the influences which have been brought to bear upon it by persons interested in the English cotton trade, or in other words by the manufacturers of Lancashire. It is notorious that this impression has prevailed throughout India from the time, just four years ago, when the Marquis of Salisbury informed a large body of Manchester manufacturers that the Government of India would be instructed to provide for the gradual abolition of the import duties on cotton goods. When Lord Northbrook's Government a few months afterwards adopted the very moderate measures of imposing an import duty on raw cotton not the produce of continental Asia or Ceylon, and of lowering the tariff valuation on cotton goods, the native press was full of reclamations against the new principle, which, it was alleged, was being introduced into the Government of India, of conducting that Government for the benefit of a particular section of the people of England without reference to the interests of the people of India. This feeling was greatly strengthened by the language used in Lord Salisbury's despatch of the 11th November 1875, wherein (paragraph 10) he referred to the duty on cotton goods as placing the manufacturers of England and those of India in a position of political hostility to each other, and in subsequent passages put forward "the claims of the English manufacturers," in order to propose that they should be satisfied by the abolition of the duty on cotton manufactures. The same feeling has very recently found expression in the address presented to His Excellency the Governor General by the British Indian Association—an address which I am bound to say appears to me to contain a correct enunciation of the principles which ought to guide the Government of India in this matter. Nor is this feeling limited to the native community. From communications which have been received from the Chambers of Commerce at Madras and Calcutta, it is evident that the feeling is shared by the leading representatives of the European mercantile community in those cities. In a letter which forms one of the appendices to the Budget resolution the Madras Chamber state their opinion that "the present is a most unsuitable time "for thinking of sacrificing any of the state's resources under pressure from interested "and imperfectly informed foreign manufacturers;" and a more recent letter which the Calcutta Chamber addressed to the Governor General on the 10th instant concludes with the following paragraph:

> It has hitherto been proclaimed by the Home Government that taxation in India would be levied, and that the administration of the country would be conducted, not in the interests of England—far less a section of it—but in the interests of India itself. It will be a source of mortification and disappointment if it be now shown that the opinions and wants of sections of the people of England have more influence in determining the character of the financial legislation in India than the interests and expressed wishes of the people under the government of Your Excellency.

10. Nor is the impression to which I allude confined to the unofficial classes. It is equally shared by the great body of the official hierarchy throughout India. I am convinced that I do not overstate the case when I affirm my belief that there are not at the present time a dozen officials in India who do not regard the policy which has been adopted in this matter as a policy which has been adopted, not in the interests of India, not even in the interests of England, but in the interests, or the supposed interests, of a political party, the leaders of which deem it necessary at any cost to retain the political support of the cotton manufacturers in Lancashire. This, it appears to me, is a most unfortunate state of things. It is very undesirable that an impression should exist, which, if it were well founded, would go far to justify the forebodings of those who deprecated the transfer of the direct government of India from the East India Company to the Crown, on the ground that

India would be sacrificed to the exigencies of political parties in Parliament. For many years after that transfer took place, the propriety, and indeed the necessity, of treating Indian questions, and especially questions connected with the internal administration of India, as a thing apart from parliamentary politics, was recognized by both the great parties in the state. By a tacit, but well understood, compact, India was excluded from the arena of party politics in the House of Commons. Now for the first time there is a prevalent belief that this understanding has been departed from. A measure seriously affecting the finances of India has been, and is being, pressed upon Parliament by a powerful section of the English mercantile community, and the general opinion is that that pressure has so far produced an effect, that at a juncture of the gravest financial difficulty and anxiety the Government of India has been impelled to incur a sacrifice of revenue which the most ordinary considerations of financial prudence should have led it to retain, with the certainty that the present concession will only encourage further pressure until the whole of the particular branch of the state revenue which has been the subject of attack shall have been abandoned. And this has been done at a time when we are engaged in war; when we have very recently emerged from a calamitous famine; when we have in consequence re-imposed direct taxation of a notoriously unpopular, and, in its practical working, often of an oppressive description, which, having been raised for a special purpose, we are forced to divert to other purposes; and when the Government of India has scarcely recovered from the odium which it incurred by its legislation restricting the license of the vernacular press. This last-mentioned measure was one of which I was personally in charge, and which, in concurrence with the Governor General and with my colleagues in Council, I deemed to be called for by important political considerations; but important as those considerations in my judgment were, and important as I still regard them, I do not hesitate to say that nothing would have induced me to have been a party to the imposition of restrictions on the press, if I could have foreseen that, within a year of the passing of the Vernacular Press Act, the Government of India would be embarked on a course, which, in my opinion, is as unwise and ill-timed as it is destructive of the reputation for justice, upon which the prestige and political supremacy of the British Government in India so greatly depend. And here I must remark that the slight value which in some influential quarters is now attached to the popularity of our rule with our native subjects has for some time past struck me as a source of grave political danger. The British Empire in India was not established by a policy of ignoring popular sentiment, and of stigmatizing all views and opinions which are opposed to certain favourite theories as the views and opinions of foolish people. Nor will our rule be long maintained if such a policy be persisted in.

11. I have deemed it my duty to record my dissent from the measure to which this minute refers, in language of emphatic disapproval; for the circumstances of the case are, in my opinion, circumstances of such extreme gravity that I feel that reticence would be altogether out of place. As the machinery for administering the government of India is constituted under the statute of 1858, the only branch of it, which, from its composition, can hope to have the credit of being at once independent of party influences and in a position to urge its views against any measure which it deems to be prejudicial to India, is the Council of the Governor General, composed as it is of men selected irrespectively of political considerations, and most of whom have passed the greater part of their lives in India. During the rule of the East India Company, the Court of Directors furnished what often proved an effective barrier between the interests of the people of India and the pressure of powerful classes in England. In this respect the Council of India, as the Council of the Secretary of State is called, has in no way taken the place of the Court of Directors. It need not necessarily be consulted in regard to any matter which does not involve expenditure from the revenues of India; and, as a matter of fact, most important measures are sometimes resolved on, and orders issued, by the Secretary of State, without the knowledge of his Council. The Council of the Governor General, on the other hand, has large powers and heavy responsibilities imposed upon it by law. The consent of a majority of the Council is required to every measure of any importance (legally, I believe, to every measure) that is adopted by the Governor General, except in those cases of rare occurrence, such as the present case, wherein the Governor General exercises the power vested in him by law, of overruling the decision of a majority of the Council; and in such cases the dissentient members legally are empowered, and morally, as I regard the matter, are bound to record the reasons of their dissent for the information of the Secretary of State, and eventually of Parliament and of the

public, should the papers be called for and published. This feature in the constitution of the Council of the Governor General appears to me to render it incumbent upon the members of that body to express their views with the utmost clearness and precision, when measures have been or are about to be carried out, which they deem to be detrimental to the interests of this country; and, in my humble opinion, it will be an evil day for India when the members of this Council fail to discharge the duty thus appertaining to them.

ALEX. J. ARBUTHNOT.

MINUTE by Colonel the Honourable SIR ANDREW CLARKE, R.E., K.C.M.G., C.B.

I HAVE been unable to recognize any justification for a departure from the policy on which the Tariff Act of August 1875 was based, and to which I was a party, and therefore I concur in the above Minute by Sir Alexander Arbuthnot.

A. CLARKE.

15th March 1879.

India Office,
May 1879.

EDWARD STANHOPE,
Under-Secretary of State.

COTTON DUTY (INDIA).

RETURN

To an Address of the House of Lords, dated 29th April 1879,

FOR

COPIES of any MINUTES which have been recorded under 33 Vict. cap. 3., by Members of the Council of the Governor General of India on the REDUCTION of the CUSTOMS DUTY upon COTTON MANUFACTURES by the authority of the Governor General contrary to the opinion of the majority in Council.

(*The Lord Northbrook.*)

Ordered to be printed 5th May 1879.

(69.)

Under 2 *ozs.*

EAST INDIA (TARI[illegible]

RETURN to an Address of the Honourable The House of Commons, dated 23 June 1879;—*for*,

"FURTHER PAPERS relating to the IMPORT DUTIES upon COTTON GOODS and to other ARTICLES in the TARIFF of INDIA (in continuation of the Parliamentary Papers of Session 1876)."

India Office,
23 June 1879.

EDWARD STANHOPE,
Under Secretary of State.

(*Mr. Edward Stanhope.*)

Ordered, by The House of Commons, *to be Printed*,
24 *June* 1879.

BOMBAY BRANCH
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Royal Asiatic Society.
CLASS

241.

INDEX.

PAGE

No. 1.—Extract from Sir John Strachey's Financial Statement of 15th March 1877, pages 40 and 41 - - - - - - - - - - - - - 3

No. 2.—Extract Letter from Government of India, dated 16th March 1877—Financial, No. 83, para. 6 - - - - - - - - - - - - - 4

No. 3.—Minutes by Sir A. Hobhouse and Sir E. C. Bayley, and by Sir H. W. Norman - 4

No. 4.—Despatch to India, 7th June 1877—Statistics and Commerce, No. 81 - - 5

No. 5.—Despatch to India, 30th August 1877—Statistics and Commerce, No. 136, with Copy of Resolution of House of Commons, 11th July 1877 - - - - 6

No. 6.—Notification of the Government of India, dated 18th March 1878, No. 43 - - 8

No. 7.—Extract from Government of India—Financial Statement, 18th March 1878, paras. 46 to 64 - - - - - - - - - - - - - - 9

No. 8.—Despatch to India, dated 18th April 1878—Statistics and Commerce, No. 72 - 13

No. 9.—Letter from Chamber of Commerce, Manchester, 27th March 1878 - - - 14

No. 10.—Appointment and Report of Commission to inquire into Customs Tariff - - 15

No. 11 —Notification of the Government of India, dated 13th March 1879, No. 59 - - 30

No. 12.—Notification of the Government of India, dated 13th March 1879, No. 60 - - 30

No. 13.—Extract from Government of India Financial Statement of 13th March 1879, paras. 171 to 205 - - - - - - - - - - - - - 32

No. 14.—Letter from Government of India, dated 13th March 1879—Separate Revenue (Customs), No. 3 - - - - - - - - - - - - - 40

FURTHER PAPERS relating to the IMPORT DUTIES upon COTTON GOODS, and to other ARTICLES in the TARIFF of INDIA (in continuation of the Parliamentary Papers of Session 1876).

— No. 1. —

EXTRACT from Sir *John Strachey's* Financial Statement of 15th March 1877, pages 40 and 41.'

COTTON DUTIES.

"My Lord, I have reserved to the end of my statement the remarks which I wish to make regarding the Customs duties on cotton goods. I do not now wish to re-open the discussion which was finally closed last year by the Secretary of State. It was then decided by Her Majesty's Government that 'the interests of India imperatively require the timely removal of a tax which is at once wrong in principle, injurious in its practical effect, and self-destructive in its operation.' The Secretary of State, while leaving to the judgment of the Government of India the mode in which the policy thus laid down should be carried out, declared his opinion that measures for the abolition of these duties should have priority over every other form of fiscal relief to the Indian tax-payers. Financial embarrassments arising from the depreciation of silver prevented any practical steps being taken last year in this direction. It was thought unwise to give up any revenue at such a time, and the Secretary of State concurred in this decision. It is with great regret that I have to announce that, for reasons similar to those which prevailed a year ago, it has been decided that nothing can be done at the present moment towards the abolition of these duties; the financial difficulties caused by the famine are so serious that we cannot sacrifice any source of income.

"I regret this, not only because we are thus unable to carry out the orders of Her Majesty's Government, to which this Government owes a loyal and unhesitating obedience, but I regret it, personally, because, as the Council are aware, I am no recent convert to the policy which has been laid down, but have been, for many years past, one of those who have advocated the abolition of these duties at the earliest possible opportunity.

"I altogether disbelieve that there is, in this matter, any conflict between Indian and English interests; I am satisfied that these interests are identical, and that they alike require the abolition of this tax. I will not speculate on what ought to have been done if the case had been different, but there is one thing which I wish to take this opportunity of saying: we are often told that it is the duty of the Government of India to think of Indian interests alone, and that if the interests of Manchester suffer, it is no affair of ours. For my part, I utterly repudiate such doctrines; I have not ceased to be an Englishman because I have passed the greater part of my life in India, and have become a member of the Indian Government. The interests of Manchester, at which foolish people sneer, are the interests not only of the great and intelligent population engaged directly in the trade in cotton, but of millions of Englishmen. I am not ashamed to say that, while I hope that I feel as strongly as any man the duties which I owe to India, there is no higher duty in my estimation than that which I owe to my own country. I believe that our countrymen at home have a real and very serious grievance, and that it is no imaginary injury against which they complain: I know that your Excellency has resolved that the Government of India shall not shirk this business, and there need be no fear that it will be regarded in any half-hearted spirit. Your Excellency took the earliest opportunity which could be found, after you had assumed the office of Viceroy, to declare publicly your views upon this subject, and if I say no

more regarding it now, it is mainly because I feel sure that your Excellency will not lose the present opportunity of publicly declaring those views again. For myself personally, if I had not confidently expected to take part in this great reform, I doubt whether anything would have induced me to accept my present office, and I trust that I may still have a share in the performance of a task which I look upon as one of the most important which this Government has before it.

"It is important, in my opinion, not only on its own account, but for the results which may follow hereafter. The net Sea Customs Revenue proper of India amounted in 1875-76 to 2,475,530 *l.*, of which the duties on cotton goods yielded 850,000 *l.* When the cotton duties are removed, there will remain export duties on rice, indigo, and lac, yielding together 620,000 *l.*, and import duties on a multitude of articles yielding 930,000 *l.* Excluding the duties on cotton goods, the export and import duties together give 1,550,000 *l.*; many of these duties are so objectionable that it is impossible that they can last, and can it be supposed that we should long continue to maintain huge establishments for the purpose of levying the small remnant of revenue that might survive? The truth is that cotton goods are the sole article of foreign production which the people of India largely consume, and there is no possibility of deriving a large Customs revenue from anything else. I do not know how long a period may elapse before such a consummation is reached, but, whether we see it or not, the time is not hopelessly distant when the ports of India will be thrown open freely to the commerce of the world."

— No. 2. —

EXTRACT LETTER from the Government of India, dated 16th March 1877—Financial, No. 83.

* * * * * *

Para. 6. WE forward herewith Minutes by our honourable colleagues, Sir Henry Norman, Sir Arthur Hobhouse ,and Sir Edward Bayley, dissenting from some portions of Sir John Strachey's statement.

We have, &c.

(signed) *Lytton.*
„ *A. Hobhouse.*
„ *E. C. Bayley.*
„ *A. J. Arbuthnot.*
„ *A. Clarke.*
„ *J. Strachey.*
„ *E. B. Johnson.*

— No. 3. —

Government of India.—Financial Department.

(Enclosure to Despatch No. 83 of 1877.)

MINUTE by the Honourable Sir *Arthur Hobhouse*, K.C.S.I., and the Honourable Sir *E. C. Bayley*, K.C.S.I., dated 16th March 1877.

WE beg to express our dissent from the policy adopted by the Governor General in Council with respect to the abolition of Sea Customs Revenue so far as regards the importation of cotton goods, that policy was discussed in Council when we constituted the minority; it has now been announced by our colleague, Sir John Strachey, and he has stated his regret that, owing to the serious deficit in our Treasury, we are "unable to carry out the orders of Her Majesty's Government, to which this Government owes a loyal and unhesitating obedience."

Our

Our reasons for dissenting from the announcement made with respect to cotton goods are, as follows :—

1. Because we do not understand it to be the intention of the Secretary of State in Council to debar the Governor General in Council for the time being from a comprehensive consideration of the present aspect of any subject-matter upon which they have to pass laws.

2. Because we understand the Secretary of State in Council, so far as he has given orders on the subject, to have laid down that the repeal of the duties on cotton goods is out of the question until a surplus income has been gained.

3. Because there appears to be no chance of a surplus income for at least two years to come, and the period of deficit may be much further prolonged.

4. Because we think it essential that the Government of the day should not be embarrassed by unnecessary promises and pledges in considering the question, which taxes it is most desirable to reduce or repeal at any given time.

5. Because we think that, whenever the possession of a surplus enables it to reduce duties at all, the Government should carefully consider whether it is not desirable to operate upon other duties, *e.g.*, the salt duties, the sugar duties, or the export duties, in priority to the import duties ; in our judgment, each of these three items of revenue requires alteration far more urgently than do the duties on cotton goods.

6. Because, independently of pure financial questions, we think it impolitic to disregard the fact, that the repeal of duties on cotton goods in India, in preference to other injurious taxes, is viewed with great suspicion and dislike by a large portion of the educated natives of this country, and is likely to cause much irritation among them.

7. Because the announcement now made is calculated to withdraw from the Government of the future the free and unembarrassed discussion of the considerations above indicated, to say nothing of others which may then present themselves.

(signed) *Arthur Hobhouse.*
„ *E. C. Bayley.*

MINUTE by Major General the Honourable Sir. *H. W. Norman*, K.C.B., dated 16th March 1877.

I CONCUR in the Minute of Sir Arthur Hobhouse and Sir E. C. Bayley, and I deem it necessary to record my opinion in the shape of a Minute, as my resignation of my seat in Council will prevent me from being present at the discussion in Council on Wednesday next.

(signed) *H. W. Norman.*

— No. 4. —

(Statistics and Commerce, No. 81.)

To His Excellency the Right Honourable the Governor General of India in Council.

My Lord, India Office, London, 7 June 1877.

Para. 1. I SHALL be glad to receive, when the Customs accounts for the year 1876–77 are completed, a return, showing, in as great detail as can be given, the amount of revenue received under each article (not merely each group of articles) specified in the tariff.

2. An examination of the monthly statements of the trade of British India from November 1875 to October 1876, that is, for

Grain and pulse	*Rs.* 1
Machinery	2
Rape seed	2
Fish maws	2
Printing materials	3
Hog's lard	3
Fresh vegetables	6
Shark fins	7
Saltpetre	9
Hemp bags	11
Parts of ships	11
Feathers	15
Poppy seeds	16

Ornamental woods	Rs. 31
Linseed	32
Jute, rope, and twine	35
Safflower	39
Cardamoms	39
Opium	49
Raw wool	51
Ginger	64
Lac, "other" kinds	91
Wood manufactures	92
Borax	93
Mustard seed	138
Building materials	152
Cinnamon	169
Raw coir	184
Penalty duties	187
Jute cloth and other manufactures	187
Cassia	243
Hemp cloth	246
Duties collected at Cambay	248
Aloes	260
Galangal	263
Essential seeds	333
Quince seed	414
Myrabolams	508
Animal oils	533
Indigo	637
Flour	768
Cotton canvas	781
Pasteboard and millboard	801
Liquors, "other"	1,251
Military uniforms, &c.	1,358
Essential oils	1,555
Shot and shell of lead	1,690
Sajeera seed	1,799
Rosin	2,179
Raw caoutchouc	2,249
Baggage of passengers	2,464
Brimstone	2,629
Ivory manufactures	2,669
Assafœtida	2,888
Tobacco unmanufactured	2,913
Telegraph materials	2,919
Seeds, "other" kinds	3,062
Hides tanned	3,440
Nutmegs	3,657
Leather unmanufactured	3,840
Butter	3,846
Teel seed	3,924
Saffron	3,996
Coir manufactures	4,122
Cotton manufactures, "other" sorts	4,390
Plate	4,418
Madder	4,612
Wall paper	4,966

for 12 months after the Tariff Act of 1875 came into operation, shows the receipts from the duty on the importation of a large number of articles to have been those given in the margin. In drawing the attention of your Excellency to this return, I feel it necessary to say that I have observed, with some surprise, the long list of articles still retained on the Indian tariff, the duties derived from which are actually not worth collecting. There are, doubtless, special reasons for the maintenance of the duty on opium; and with regard to a few of the minor articles which have been already removed from the tariff, I presume that the amount received is in payment of duty incurred before the Tariff Act came into force. Without, however, entering into these considérations, and speaking generally, there appears to be no possible room for doubt as to the inexpediency of retaining on the Import Tariff the few articles which individually yield less than 10 rupees, or the 14 articles yielding each less than 100 rupees, or the 17 articles yielding less than 1,000 rupees, and some question may arise even as to the 25 articles none of which give so much as 5,000 rupees. There is also an unspecified number of "other" unmanufactured articles, together bringing in a receipt of 452 rupees. The whole amount at stake in excluding these 65 or 70 articles would be 84,592 rupees, or less than 8,500*l.*

3. I consequently request that this subject may receive your Excellency's attention, and that at a convenient time the propriety of excluding from the tariff items that will not be productive of revenue may be considered.

I have, &c.
(signed) *Salisbury.*

— No. 5. —

(Statistics and Commerce, No. 136.)

To His Excellency the Right Honourable the Governor General of India in Council.

My Lord, India Office, London, 30 August 1877.

Para. 1. I TRANSMIT herewith a Resolution which was adopted by the House of Commons on the 11th July last without a division, to the following effect:—
"That, in the opinion of this House, the duties now levied upon cotton "manufactures imported into India, being protective in their nature, are "contrary to sound commercial policy, and ought to be repealed without "delay, so soon as the financial condition of India will permit."

2. Your Excellency will perceive that this expression of opinion on the part of the House of Commons is in entire conformity with the tenor of my Despatch of the 31st May 1876, No. 9 (Separate Revenue), upon this question, as well as with the views of your Government, as reported in the speeches of your Lordship and Sir John Strachey in the proceedings of your Legislative Council at Calcutta, on the occasion of the Budget statement in March last.

3. It is a subject of much satisfaction to me that both your Excellency and the Financial Member of your Council, after a careful review of the fiscal system of India, have been able to concur with me so unreservedly in the opinion that the early reduction of the duties on cotton manufactures, with a view to their ultimate repeal, is a measure of great importance, both on economical and political grounds; and I do not doubt that the resolution of the

the House of Commons, which I now convey to you, will strengthen your desire to give the earliest practicable effect to a reform which has already commended itself to your deliberate approval.

4. In your Financial Letter of the 16th March last, No. 83, you enclose Minutes by your colleagues, Sir Henry Norman, Sir Arthur Hobhouse, and Sir Edward Bayley, dissenting from the policy adopted by your Excellency in Council with reference to the abolition of Sea Customs Revenue, and stating their reasons for objecting to the announcement made by Sir John Strachey with respect to cotton goods.

5. I observe nothing in these dissents which I have not already discussed and dealt with by anticipation in my Despatch of the 31st May 1876; I do not therefore think it necessary to refer to them further on the present occasion, especially as two of the dissentients, the Legal and Military Members of Council, have since left your Government.

6. I will only remark that the experience of the last 12 months has tended to confirm the opinions which I expressed last year in some important respects.

7. In paragraph 30 of that Despatch, I referred to the increasing number of mills and spindles at work in India. In the report of Mr. O'Conor, enclosed in your letter of the 11th of June last, No. 11 (Statistics), it is stated that five more mills were about to begin work, and that it was estimated that by the end of March 1877 there would be 1,231,284 spindles employed in India.

8. In paragraph 31, I called attention to the inconvenience and administrative difficulty which would arise from the importation into Calcutta and other Indian ports, of Bombay cotton goods, free of duty, side by side with the taxed imports of similar goods of British production.

9. The following figures will show that this interportal trade has already attained considerable dimensions, a fact of some significance also as showing the increased competition of Indian with British-made cotton manufactures.

Exports from Bombay of Indian-made cotton goods in 1875–76 to,—

		Quantity.	Value.
			Rs.
Bengal:			
Twist and yarn	*Lbs.*	372,400	1,64,180
Piece goods	*Yds.*	1,161,575	1,66,701
Madras:			
Twist and yarn	*Lbs.*	4,667,209	21,44,983
Piece goods	*Yds.*	1,090,202	2,86,740
Other Indian Ports:			
Twist and yarn	*Lbs.*	502,533	2,30,443
Piece goods	*Yds.*	10,420,114	13,26,899
Total:			
Twist and yarn	*Lbs.*	5,542,142	25,39,606
Piece goods	*Yds.*	12,671,891	17,80,340

10. I can only, in conclusion, express my hope that the financial prospects of your Government in the approaching year may not preclude the possibility of commencing the reform of this branch of the Indian tariff, but if, as now seems too probable, it shall unfortunately be such as to render you unable to incur the risk of any material loss of revenue from remission of duties, there are still two measures in connexion with this reform which should not, in my opinion, be delayed beyond the present year. I mean the repeal of the duty of 5 per cent. on foreign raw cotton imported into India, and the exemption from import duty of the lower qualities of cotton manufactures, upon which the present tax is incontestibly protective, not only in principle but in fact, and the value of which for revenue purposes is wholly insignificant.

I have, &c.
(signed) *Salisbury.*

Enclosure of Statistics and Commerce Despatch, No. 136, dated 30 August 1877.

COPY of a RESOLUTION adopted by the House of Commons on 11th July 1877, without a Division :—

"That, in the opinion of this House, the duties now levied upon cotton "manufactures imported into India, being protective in their nature, are "contrary to sound commercial policy, and ought to be repealed without "delay, so soon as the financial condition of India will permit."

— No. 6. —

Department of Revenue, Agriculture and Commerce.

NOTIFICATIONS.—SEA CUSTOMS.

(No. 43.)

Calcutta, 18th March 1878.

IN exercise of the powers conferred by Section 6 of the Indian Tariff Act, 1875, the Governor General in Council is pleased to exempt the goods hereinafter named from all import duties to which they are liable under the numbers of Schedule A. of the said Act entered in column one of the following list :—

Number in Schedule A.	NAMES OF ARTICLES.	Number in Schedule A.	NAMES OF ARTICLES.
3	Brushes, all sorts.	21	Flax and articles made of Flax.
4	Building and Engineering materials.	22	Fruits and Vegetables.
5	Cabinet-ware and Furniture.	26	Hemp and articles made of Hemp.
6	Candles.	27	Hides and Skins.
7	Canes, Ratans, Articles made of Cane or Ratan, and Basket Work.	28	Instruments and Apparatus, except musical.
8	Carriages and component parts thereof.	31	Leather and articles made of Leather, including Boots, Shoes, Harness, and Saddlery.
9	Chemical Products and Preparations.	34	Mats.
12	Coir and articles made of Coir.	36	Military and other Uniforms and Accoutrements.
14	Cordage and Rope made of any Vegetable Fibre.	37	Naval Stores.
16	Cotton, raw.	38	Oils.
	Cotton, Grey Piece-goods, viz. :—	39	Oil and Floor Cloth.
	T Cloths under 18 reed, Jeans, Domestics, Sheetings, and Drills, shown to the satisfaction of the Customs Collector, whose decision shall be final, to be of the dimensions, weights, counts, and qualities now generally known under those descriptions, and to contain no yarn of a higher number than 30s.	42	Paper, viz. :— Wall Paper.
		44	Piece goods made of Jute.
		45	Pipes and other implements used in the consumption of Tobacco.
		46	Pitch, Tar, and Dammer.
		48	Railway Materials.
	Cotton Twist :	50	Seeds.
	Mule, No. 32, and lower numbers.	53	Soap.
	Water, No. 20, and lower numbers.	59	Toilet Requisites.

This notification shall take effect on and after the 20th March 1878.

No. 7. EXTRACT

— No. 7. —

EXTRACT from Government of India, Financial Statement, 18th March 1878, paras. 46 to 64.

46. THE second of the measures of fiscal reform before mentioned, the improvement of the Customs Tariff, next calls for notice.

47. Her Majesty's Secretary of State has called the attention of the Government of India to the Customs Tariff generally, and to the duties levied on cotton goods in particular, in several Despatches received during the past year.

First, in a Despatch, No. 81, dated 7th June 1877,* his Lordship pointed out that there were numerous articles in the Tariff on which the duty levied was quite insignificant, and he requested that at a convenient time the propriety of excluding from the Tariff items that will not be productive of revenue might be considered.

* *See* page 5.

Next, a Despatch, No. 124, dated 23rd August 1877, forwarded a copy of a memorial from the Council of the East India Association, and a reply thereto by Mr. Raynsford Jackson on behalf of the associated committees of employers and workmen in the cotton manufacturing districts, respecting the abolition of the duties on the importation of cotton goods and yarns into India. Lord Salisbury observed with reference to these papers :—

"Your Excellency is well aware of the great importance attached by Her Majesty's Government to the gradual reduction of these duties at the earliest period that is not inconsistent with the financial requirements of your administration."

Finally, the Secretary of State transmitted with his Despatch, No. 136, dated the 30th August 1877,† a Resolution which was adopted by the House of Commons on the 11th July 1877 without a division, in the following terms :—

† *See* page 6.

"That, in the opinion of this House, the duties now levied upon cotton manufactures imported into India, being protective in their nature, are contrary to sound commercial policy, and ought to be repealed without delay so soon as the financial condition of India will permit."

His Lordship expressed his concurrence with the views of this Government, as reported in the speeches of his Excellency the Viceroy and of Sir John Strachey, in the Proceedings of the Legislative Council, on the occasion of the Budget Statement in March last.

The Despatch concluded in the following words :—

"I can only, in conclusion, express my hope that the financial prospects of your Government in the approaching year may not preclude the possibility of commencing the reform of this branch of the Indian tariff; but if, as now seems too probable, it shall unfortunately be such as to render you unable to incur the risk of any material loss of revenue from remission of duties, there are still two measures in connection with this reform which should not, in my opinion, be delayed beyond the present year. I mean the repeal of the duty of 5 per cent. on foreign raw cotton imported into India, and the exemption from import duty of the lower qualities of cotton manufactures, upon which the present tax is incontestibly protective, not only in principle but in fact, and the value of which for revenue purposes is wholly insignificant."

48. The questions thus brought before the Government of India by Her Majesty's Secretary of State have received careful consideration. It is evident that, in the present state of the finances of India, any large measure of reduction of the Customs Duties would be not only impossible, but would not be in accordance with the views of the House of Commons or of Her Majesty's Secretary of State. The Government of India is, however, of opinion that there is no reason for delaying compliance with the instructions of the Secretary of State, that something should be done towards removing from the Tariff the coarser qualities of cotton goods which are subject to competition from the Indian mills and looms and some other articles which are productive of but a small amount of revenue.

49. Although as just stated it is not at present possible to sacrifice any important part of our existing revenue, for the purpose of reforming the commercial taxation of India, the Government deems it right to place on record the

principles on which its action is at the present time guided, and by which it desires to be guided in the future.

50. It is not necessary now to discuss the advantages to a country of free trade and the disadvantages of protective duties. It is sufficient to say that these have been admitted for many years by the Statesmen who, of whatever party, have guided the policy of the United Kingdom. In pursuance of the principles thus accepted, the tariff of the United Kingdom, which, less than thirty years ago, subjected to duty more than one thousand different articles, has been brought down by various stages to some half dozen, of which the only important ones are wines and spirits, tea, and tobacco. At the same time all export duties have been abolished.

51. The principles on which the Customs legislation of the United Kingdom has been based are now admitted axioms by all who recognise the theoretic advantages of free trade. They must be regarded as a part of the national policy which Great Britain has finally adopted, and which the Secretary of State for India, with the deliberate approval of the House of Commons, has required the Government of India in this country to carry out.

These principles are, as regards imports:—

(1.) That no duty should exist which affords protection to native industry, and, as a corollary, that no duty should be applied to any article which can be produced at home, without an equivalent duty of excise on the home production; also, that no duty should be levied except for purely fiscal purposes;

(2.) That, as far as possible, the raw materials of industry and articles contributing to production should be exempt from Customs taxation;

(3.) That duties should be applied only to articles which yield a revenue of sufficient importance to justify the interference with trade involved by the machinery of collection.

As regards exports;—that duties should be levied on those commodities only in which the exporting country has practically a monopoly of production.

52. These principles are of general application, but in the case of India, they possess a peculiar significance. India is a country of unbounded material resources, but her people are a poor people. Its characteristics are great power of production, but almost total absence of accumulated capital. On this account alone the prosperity of the country essentially depends on its being able to secure a large and favourable outlet for its surplus produce. But there is a special feature in the economic conditions of India which renders this a matter of yet more pressing, and even of vital importance,—this is the fact that her connection with England and the financial results of that connection, compel her to send to Europe every year about 20 millions sterling worth of her products without receiving in return any direct commercial equivalent. It is this excess of exports over imports which, in the language of the economists, is described as tribute. It is, really, the return for the foreign capital, in its broadest sense, which is invested in India, including under capital not only money, but all advantages which have to be paid for, such as the intelligence, strength, and energy, on which good administration and commercial prosperity depend. From these causes the trade of India is in an abnormal position, preventing her receiving, in the shape of imported merchandise and treasure, the full commercial benefit which otherwise would spring from her vast material resources.

53. The comparatively undeveloped condition of the trade of India may be illustrated by the following figures. The value of the imports and exports taken together per head of the population is in the United Kingdom about 20 *l.* In British India it is about 10 *s.* The Customs revenue on the few articles now retained in the Import Tariff of the United Kingdom is about 12 *s.* per head, while that of India, on all the articles of its lengthy tariff, is about 3 *d.*, showing that small as is the proportion of the foreign trade of India to that of England, the proportion of Customs revenue derived from it is smaller still.

54. Here

54. Here ~~then~~ is a country which, both from its poverty, the primitive and monotonous condition of its industrial life, and the peculiar character of its political condition, seems to require from its Government, before all things, the most economical treatment of its resources, and, therefore, the greatest possible freedom in its foreign exchanges.

Under these circumstances, what are the conditions of production and consumption in India? How far is it possible to construct a tariff of import and export duties, which will comply with the accepted canons of taxation? And how far does the existing tariff conform to those canons?

55. In answering these questions, it will be found that India, by the extent and favourable conditions of its territory, is capable of producing almost every article required for the use of man. If, therefore, the Import Customs Tariff be maintained, it will involve the evils of protection, unless an excise duty to countervail the Customs duty be imposed upon almost every item which the tariff now includes. Now, as excise duties are generally costly, vexatious, and inconvenient forms of taxation, and would be in most cases impracticable in India, this of itself is a reason against the permanent retention of the existing Customs tariff, and one which interposes a very serious difficulty in the way of constructing one that shall be free from objection. Since almost every article that is now on the tariff, or that could be named, is either produced or is capable of being produced in India, it follows that import duties must in every case be actually or potentially protective, while, with the exception of liquors and salt, none of them are subject to an excise.

Again, the people of India are too poor to consume many luxuries. The import trade merely consists of what may be considered either the materials of industry or the necessaries of life. It will accordingly be found that nearly all the heads of Customs revenue which are of any importance are derived from one or other of these descriptions of commodities, and that the revenue derived from other articles is so insignificant as neither to justify the machinery of collection nor the interference with the trade.

56. The total amount of import duties was, in 1876-77, 4,170,947 *l.*, or, deducting erroneous collections, refunds, and drawbacks on re-exportation, 4,098,296 *l.*; of this latter sum there was realised:—

	£.
From Salt	2,491,010
From Liquors	331,761
TOTAL £.	2,822,771

On these articles there is an internal excise duty countervailing the Customs duty.

Deducting the duty on these two articles, there remains 1,275,525 *l.* Deducting again from this the revenue realised from cotton goods, or 811,340 *l.*, there remains 464,185 *l.*, which is thus distributed:—

	£.	£.
Copper	65,624	
Iron	17,096	112,740
Other metals	30,020	
Silk, raw and manufactured		43,727
Woollen manufactures		38,068
Provisions		32,901
Apparel		25,658
Hardware and cutlery		21,049
Spices		18,724
Sugar		13,886
Glass		13,244
Railway materials		11,335
Articles, each group of which gave less than 10,000 *l.*		132,853
TOTAL £.		464,185

Many of the numerous articles in the last class yield each an insignificant revenue, and nearly the whole are, or can be, produced in India. The duties on them are thus indefensible in principle, and cannot consistently be maintained longer than financial exigencies require their retention.

57. To revert to the cotton duties, regarding which the Resolution of the House of Commons has declared that, being contrary to sound commercial principles, they ought to be abolished, the Government of India has been at some pains to ascertain how much of them as are now actually protective can be defined. The real test is the quality or fineness of the yarn of which the goods consist. At present the Indian manufacture is confined to the coarser yarns and goods made of such yarns, and it is evident that the 5 per cent. import duty does protect such yarns and goods against competition from without. It is difficult to determine exactly how far it is effective. The coarser Indian yarns and piece goods may, by their comparative cheapness, displace, as indeed it is asserted that they have displaced, finer imported goods in the Indian market. So far as this happens, the duties are destructive of the Customs revenue. However this may be, it is generally admitted, and the Customs returns, so far as they supply information, show, that there are certain descriptions of goods regarding which it can safely be asserted that they are of the kinds with which the Indian manufactures can compete successfully. These are unbleached T-cloths under 18 reed, jeans, domestics, sheetings, and drills. The duty paid by these descriptions of piece goods in 1876-77 was only 22,227 *l.*, of which probably some portion was given back in the shape of drawbacks and refunds, as there is a considerable re-export of grey piece goods from India. The total value of such goods re-exported in 1876-77 was 302,234 *l.* They are taken chiefly to Persia, Arabia, and the east coast of Africa. The total refunds and drawbacks in 1867-68 amounted to 12,563 *l.* It is not known how much of this was on account of the coarser goods specified above.

58. The Government of India has determined to commence by exempting these descriptions with the further condition that the goods so exempted shall not contain finer yarn than what is known as 30 s, that is, yarn of which 30 hanks of 840 yards each weigh one pound. The loss of duty, calculated on the figures of 1876–77, cannot exceed 22,227 *l.*, and, for the reasons above stated, will probably be less. For yarns themselves, the limit selected for exemption is for mule twist, 32s, and for water twist, 20s. The former yielded in 1876–77, 3,400 *l.*, and the latter 39 *l.*, *minus* any refunds and drawbacks that may have been granted. The duty on long-stapled raw cotton yielded 15 *l.*, and it is quite unnecessary to maintain this duty. The maximum remission of duty proposed under these heads, calculated on the figures of 1876–77, amounts to 25,681 *l.*

59. It has been urged in some quarters that, instead of taking the duties off imported cotton goods or so long as they are retained, it would be right to excise the Indian manufactures. Regarding this proposal, it may be said, first, that it would be impossible to excise the product of all the hand-looms and spinning apparatus in India, and that to confine the excise duty to the large mills and looms worked by European machinery would be not only an unjust and incomplete measure, but would place an obstruction on a most legitimate and desirable development of the industry of India; secondly, that it would be impossible to tax the manufactures produced in India in Native States outside of British territory without maintaining the present Inland Customs lines, which the Government of India are strenuously endeavouring to abolish, and without establishing many more similar lines; and thirdly, that the imposition of an excise duty is inconsistent with the declared future policy of the Government of India, and of Her Majesty's Government, namely, eventually to abolish all import duties on cotton manufactures. The Government of India has, therefore, no hesitation in rejecting the proposal in question. Orders giving effect to the decisions will be found in the Notification* issued with this Resolution.

* *See* page 8.

60. Another class of articles is also clearly marked out for exemption. These are materials for railways. Under any circumstances, it must be a short-sighted fiscal policy to add artificially to the cost of railways, on which the development of the wealth of India is so greatly dependent; but when it is considered that, under the guarantee system, the Government of India has to pay 5 per cent. on the Customs duties which it imposes on railway plant not

not imported by itself, the inexpediency and inconsistency of retaining these duties is beyond question. Locomotives and other machinery for railways, as well as wooden sleepers, have already been freed from duty. On the rest 11,335 *l.* net duty was realised in 1876–77, and the Government of India has determined to free this head of the tariff from duty.

61. It has also decided to relieve the tariff of 26 other major heads, comprising a larger number of sub-heads and innumerable articles, the details of which will be found in the Notification published with this Resolution. The whole of these Tariff heads produced in 1876–77, 39,610 *l.* The most important is the head "Fruits and Vegetables," being chiefly cocoanuts, dates, and the like; articles of food of the poorer classes. These yielded a revenue of 6,126 *l.*

62. With respect to the export Tariff, the only duties now remaining are those on rice, indigo, and shell and button lac. Although India cannot be said to possess a complete monopoly of these articles, still this condition is nearly enough complied with to justify their present retention on the Tariff. As soon as the finances will permit of it, the question of the retention of these duties may be reconsidered. They yielded in 1876–77 the following amounts:—

	£.
Rice	529,739
Indigo	41,132
Lac of all sorts	33,952

63. There will now remain out of the 62 Tariff numbers of Schedule A. of the Indian Tariff Act, 1875, only 35 numbers, and this important reduction, including the remissions of duties on the cotton goods and minor articles, is effected with a loss of about 77,000 *l.*

64. Thus, these measures, designed to be the first steps towards giving effect to the policy that has been enjoined on the Government of India by Parliament and the Secretary of State, strictly comply with the conditions under which that policy was to be carried out. The estimate of the Customs revenue of 1878-79 is, after allowing for all the proposed remissions, taken at 2,480,000 *l.* or 150,000 *l.* less than the regular estimate of 1877–78. This decrease is less than what will be given up by the relief of sugar from Inland Customs duty, so that the sea Customs duty remitted has no part in this decrease. The amount of sea Customs duties in the coming year is smaller than in the earlier years of the series given below, by reason of the reductions made in the Tariff in the year 1875 by the Government of Lord Northbrook:—

	£.
1872–73, Actuals	2,654,000
1873-74 „	2,628,000
1874–75 „	2,678,000
1875–76 „	2,723,000
1876-77 „	2,483,000
1877–78, Regular Estimate	2,630,000
1878–79, Budget „	2,480,000

The Government of India, in pursuing for the future the policy that has guided it in making these remissions, will always give full consideration to the general financial position of the country, and will recognise the obligation laid upon it not to attempt to hasten this important fiscal reform by additional taxation. It confidently expects that the normal growth of the revenues will place at its disposal the necessary means.

— No. 8. —

(Statistics and Commerce, No. 72.)

To His Excellency the Right Honourable the Governor General of India in Council.

My Lord, India Office, London, 18 April 1878.

I TRANSMIT, for the consideration of your Excellency, a copy of a letter* (with its enclosures) received from the Manchester Chamber of Commerce, referring to the alterations announced by telegraph in the Tariff duties chargeable on imports into India, and urging that in addition to the goods specified by your Government as those to be admitted free, shirtings and longcloths made from the same yarns as T-cloths, jeans, domestics, sheetings, and drills, and differing from some of these articles only in width, length, and name, should also be exempted from duty.

* Dated 27 March 1878.

2. I request that I may be furnished with the views of your Excellency in Council on this question at your early convenience.

I have, &c.
(signed) *Gathorne Hardy.*

— No. 9. —

COPY of LETTER from Chamber of Commerce, Manchester, dated 27 March 1878.

Sir,

I HAVE the honour to acknowledge receipt of your letter of yesterday, in which the Chamber is informed that Lord Salisbury is not in possession of information more specific as to the particular goods and yarns which in future are to be admitted into India duty free, than that contained in the telegrams which have appeared in the public press.

I am to state that the Chamber has been informed by telegraph, from Calcutta, that it is the intention of the Government of India to limit the exemption from duty strictly to goods and yarns named in the published reports. The directors are of opinion that such a limitation will fail to secure the obvious intention of the Government, and I have been directed to forward to Lord Salisbury the annexed copy of a resolution, passed unanimously at a meeting of the Board held this morning.

The views contained in the resolution have been arrived at after careful consideration, and they are respectfully and earnestly commended to the attention of his Lordship, the limitation as it now stands having greatly perplexed both manufacturers and merchants in their operations.

I am further instructed to say, that if it be the desire of Lord Salisbury to have practical evidence in support of the position taken by the directors in the resolution, a small deputation from their number will be happy to wait upon him with that object at any time he may appoint.

I have, &c.
(signed) *Thos. Browning,* Secretary.

COPY of RESOLUTION passed at a Meeting of the Board of Directors of the Manchester Chamber of Commerce, held Wednesday, 27th March 1878.

THE Directors of the Manchester Chamber of Commerce regard the action of the Government of India in exempting coarse yarns and goods from import duty as a first step towards the complete abolition of the duties, which they hope soon to see accomplished.

As the Government of India has elected to proceed towards the contemplated end by partial exemption, rather than by affording general relief, with the avowed object of removing the protective incidence of the duties on the particular goods and yarns which the Indian mills, by reason of their natural advantages are suited to produce, it is obvious that the list of free goods requires to be materially added to.

The

The exemption is extended, in the first place, to goods containing no yarns finer than 30s, such as can be economically spun by the Indian mills from Indian-grown cotton, but then a limitation is added, and the only goods which are to be admitted free are "T-cloths under 18-reed, jeans, domestics, sheetings, and drills."

Shirtings and longcloths, for instance, although they may be made from 30s and coarse yarns, such as are spun in India, precisely the same in texture as T-cloths, and differing therefrom in width, length, and name only, remain subject to the impost.

In the case of yarns, the objection to the fixed limits of the free list is even stronger; they are 20s water and 30s mule, whilst, as is well known, a great portion of yarn shipped to India up to 24s water and 40s mule, both inclusive, is spun from cotton grown in India.

In view of the foregoing, it is resolved to urge upon Her Majesty's Chief Secretary of State for India the desirableness of simplifying those provisions of the new Indian Budget that affect manufactured cottons by exempting from duty all goods made from yarns not finer than 30s, and all yarns up to 26s water and 42s mule.

A correct copy from the Minutes.

(signed) *Thos. Browning*, Secretary.

— No. 10. —

Appointment of a Commission to Inquire into certain Questions affecting the Customs Tariff, and their Report.

From the Secretary to the Government of India, Department Revenue Agriculture and Commerce, to the Honourable *T. C. Hope*, C.S.I., and *J. D. Maclean*, Esq. (No. 29); dated Calcutta, 7th February 1879.

I am directed to inform you that the Governor General in Council has been pleased to appoint you to consider and to submit a joint report on certain matters connected with the operation of the Indian Tariff Act, 1875. These matters are stated in the following paragraphs, and I am to request that your report thereon may be submitted as speedily as possible so as to admit of its due consideration and the introduction of such changes as may be decided upon with effect from the 1st of April next.

2. By the Notification of this Department, dated the 18th March last, No. 43, certain descriptions of cotton yarn and piece goods, being of the kind largely spun and woven in the Indian mills, were exempted from duty on import into India. Various representations have been made since the issue of the Notification by private firms, by the Calcutta Chamber of Commerce, and by the Manchester Chamber of Commerce through Her Majesty's Secretary of State, pointing out that the terms of the Notification should be altered and the limits of exemption enlarged. Detailed inquiries have been made into the matter by the Government of India in communication with the Governments of Madras, Bombay, and Bengal, and the result of these inquiries would seem to indicate that some amendment of the Notification, so far as concerns piece goods, may be desirable if a satisfactory amendment can be made without entailing upon the revenues a loss which in the present financial condition of the State they are not able to bear.

3. The exemptions made by the Notification were avowedly arbitrary in their nature, and were designed to afford a certain amount of relief to importers on a basis that was sufficiently definite to be maintained in practice without much trouble or complaint. The inquiries that have been made would seem to show that this expectation has substantially been realised and that the complaints have been few. At the same time, it is no doubt true that some extension of the original definition might be permitted which would fulfil more completely the intention of exempting from duty all goods of the class produced or capable

of being produced in the Indian mills, without causing a loss of revenue that could not be afforded. I am to request accordingly that you will inquire and report, consulting on this point members of the mercantile community, how the definition of the class of cotton manufactures to be admitted free of duty might be improved, without narrowing its operation, and how any extension (within the limits before described) could best be conceded without an undue sacrifice of revenue.

4. It has also been found that the same Notification requires alteration under other heads than that relating to cotton piece goods. The terms of the Notification provide that the articles therein named shall be exempted "from all import duties to which they are liable under the numbers" in which they are entered in Schedule A. of the Tariff Act of 1875. In other words, if the articles mentioned can be held liable to duty under other heads of the Tariff Schedule, they shall be taxed. This provision has given rise to much doubt and discussion in Custom Houses, and has occasioned considerable trouble and some confusion in classification. It may be advisable that such a limitation should cease to exist, and that when articles are exempted specifically from duty, they should not be held liable to taxation, unless specifically placed in the Tariff again as dutiable articles. Copy of certain correspondence which has arisen out of this limitation is annexed.

5. Besides these questions, which have arisen out of the Notification of the 18th March, the general question of revising the Tariff classification and valuations presents itself for consideration. There has been no general revision of the present Tariff Schedule since it was framed in August 1875, although there have been several modifications from time to time in classification and valuation, and the Notification of the 18th March 1878 struck out partially or wholly a considerable number of articles entered in the Import Schedule.

6. The Chamber of Commerce of Bengal has urged upon the Government the necessity of revising the Tariff valuations, pointing out that in many cases these are much above the current market values. There is no doubt force in this representation, although the present low range of prices may be considered temporary, the result of specific causes. But even if the representation had not the claims to consideration which it seems to deserve, there is no question that valuations which were fixed almost four years ago may require alteration in the interest of the State as well as in those of importers. You are requested to inquire into this matter and submit such proposals as you may consider necessary for the revision of the values entered in the existing Import Schedule of the Tariff Act.

7. The Chamber of Commerce further desires that valuations should be revised annually, and the Governor General in Council considers that compliance with this request might be expedient. How the revision should be made is a matter for consideration. His Excellency in Council, as at present advised, does not think that, for the mere purpose of revising Tariff values, the annual assemblage of a Committee drawn from all parts of India is either necessary or expedient. If price lists are carefully kept up in the Appraising Departments of the Calcutta and Bombay Custom House, these lists, subject to test and scrutiny by the Local Chambers of Commerce, will probably form the best basis for the assessment of values annually. It is understood however that, except in Calcutta, no price lists are kept up at Indian Custom Houses, and your opinion is requested as to this matter generally and as to the nature of the instructions to local authorities which would be necessary for the preparation of price lists in such manner as to make them faithful and complete records of the fluctuations of market prices and a safe basis, acceptable alike to Government and the mercantile community, for the settlement of standard average values for the assessment of duty.

8. It has further been suggested to the Government of India that it is expedient to frame the Tariff so as to levy duty as far as may be possible at a fixed rate on quantity, instead of taking it by a per-centage on value, real or assumed. There is a large class of articles, staples of trade, to which this system (on which the Export Schedule of the present Tariff is based) may perhaps, with advantage, be applied.

9. It

9. It seems also that the Tariff Schedule might be so re-constructed that by more particular detail of articles and greater precision of definition, no room may be left for doubt as to the classification of articles for duty. At present doubts often arise as to the proper classification of articles not specified in the Tariff. The object proposed to be attained is to increase the number of specified articles under general heads, and so diminish the number of those grouped undistinguished under "Other Sorts." And it is also a matter for consideration whether some articles which still remain on the Import Tariff Schedule do not on their own merits, as well as with reference to the small revenue derived from them, deserve exemption as much as, if not more than, some of the articles exempted by the Notification of the 18th March.

10. It is the wish of his Excellency in Council that, in considering the various questions which have been referred to you on this occasion, you should freely consult the members of the mercantile community in Calcutta, and endeavour, as far as possible, to ascertain their views upon the subjects which come under discussion. It is important that no time should be lost in commencing these inquiries with the view to the early submission of your report.

From the Honourable *T. C. Hope*, C.S.I., and *J. D. Maclean*, Esq., to the Secretary to the Government of India, Department of Revenue, Agriculture, and Commerce (No. 5); dated Calcutta, the 28th February 1879.

WITH reference to your letter, No. 29, of the 7th instant, we beg to report as follows upon the question of exemption of certain descriptions of cotton yarn and piece goods from duty on import into India. Upon the other subjects to which your letter refers, we shall address you hereafter, when our inquiries, which in some cases involve correspondence with other parts of India, have been brought to a close.

Terms of exemption of cotton goods.

2. The exemption of cotton goods granted by the Notification, No. 43, of 18th March 1878, was couched in the following terms:—

"Cotton, grey piece goods, viz.:

T cloths under 18 reed, jeans, domestics, sheetings, and drills shown to the satisfaction of the Customs Collector, whose decision shall be final, to be of the dimensions, weights, counts, and qualities now generally known under those descriptions, and to contain no yarn of a higher number than 30s.

"Cotton twist:

Mule, No. 32, and lower numbers.
Water, No. 20, and lower numbers."

It was subsequently explained (Notification, No. 56, dated 24th April 1878) that the exemption of twist applied to grey twist only.

Objections made.

3. To the terms of this exemption exception has been taken in various quarters. Regarding the portion relating to piece goods, the Chambers of Commerce of Manchester and Bengal, whose letters we append, and various mercantile firms, urge that the exemption is materially vitiated by the limitation to certain specified classes of goods which it contains. There are, it is said, other classes of goods made of the same coarse yarns as those specified are, and differing from the latter only in width, length, and name, which thus remain subject to duty. And further, it is argued that, if cloth answering to a certain known description is exempted when made of yarns not above 30s, any cloth made of such yarns ought to be free, whether it answers this description or not. The limitation is declared to be thus not only productive of anomalies and unfair taxation, but also in contradiction of the declaration made in paragraph 57 of the Financial Resolution, No. 1911, dated 18th March 1878, that "the real test" of what duties are protective "is the quality or fineness of the yarn of which the goods consist." Finally, both the Chambers referred to suggest as a remedy the exemption of *all* cloths, of whatever designation, made of yarn not finer than 30s, and the suggestion is supported from other quarters, as explained in paragraph 8.

4. With regard to the exemption of grey twist the only objection comes from the Manchester Chamber, who state that "it is well known a great portion of yarn shipped to India up to 24s water and 40s mule, both inclusive, is spun from cotton grown in India," and who base on this statement a request for the exemption of "all yarns up to 36s water and 42s mule."

Explanation of the piece goods exemption.

5. We will first consider the case of piece goods. It is evident, from the nature of the objections made, that the intention of the Government in issuing the Notification has been generally misunderstood. It is supposed that the intention was to exempt all goods upon which the duties might to any extent operate protectively. But the Resolution itself shows that a more limited measure was alone contemplated. Paragraphs 58 and 57 announce that "the Government of India has determined to *commence* by exempting" only "certain descriptions of goods regarding which it can *safely* be asserted that they are of the kinds with which Indian manufactures can compete successfully." The italics are our own. The necessity for this cautious and limited action arose from financial considerations, which have, in all declarations made regarding the cotton duties by the Secretary of State or the Government of India, being invariably declared to be paramount.

6. The information available in April last showed, and we may mention that the conclusion has been amply confirmed by subsequent special inquiries, that the Indian mills rarely, if ever, spin yarn finer than 28s, and that the bulk of their cloths are made of much lower numbers. With the view of allowing an ample margin for all cases of doubt, 30s was fixed on as the "quality or fineness of yarn" at which the line of competition should be drawn. The exemption of all cloths made of yarn not exceeding this count would have been a necessary consequence of this decision, but for the difficulty of estimating the loss of revenue involved, the strong presumption that the loss would be considerable, and the inexpedience of running any serious financial risks. The causes of this difficulty, and the grounds for this presumption, will be apparent presently. All that was ascertainable was that the grey T cloths under 18 reed, jeans, domestics, sheetings, and drills, were, for the most part, made of yarns within the limit fixed; that these goods possessed a comparatively well fixed and recognisable character; and that the loss by exempting them would not exceed 20,000 *l.* to 22,500 *l.* This loss the Government were content to bear, and the Notification was framed accordingly. To prevent the passing of finer goods under the designations exempted, as also to avoid exclusive reliance on the testing of the yarn, which presents many difficulties in practice, the further check was provided that the cloths must be of the "dimensions, weights, counts, and qualities now ordinarily known under those descriptions."

Practical working of the Notification.

7. There appears to be no room for doubt that the Notification was sufficient and suitable for the objects the Government had in view, and that it has worked, within the limits it was intended to work in, without much trouble or complaint. The records of a number of both Calcutta and Bombay disputed cases, which are before us, show that attempts of various kinds to pass off cloths of higher descriptions as belonging to the lower were readily detected, and generally admitted by the importers, as also that the difficulties of testing the counts of yarn, though considerable, were not so formidable as had been supposed. The descriptions of cloth named in the Notification are all such as are perfectly well known; many of them are generally quoted in trade circulars and prices current; merchants have no difficulty in understanding what is meant, and Customs officers have no doubts about recognising them and passing them. If people make up shirtings in short lengths to pass as T cloths, or in double lengths, with a heading at each end, to simulate domestics, or put headings on their goods different from those with which they have previously been imported, or stamp their goods with designations to which they have no claim, they cannot reasonably complain of being obliged to pay the duty they have deliberately attempted to evade. On the above grounds, therefore, we do not consider that the terms of the Notification could be improved without altering its scope.

Real source of complaints.

8. The real proximate source of the complaints which have arisen is the fact that there is little essential difference between the cloths which have been exempted

exempted and large classes of cloth, otherwise styled, which have not. "Chudders," for instance, are merely sheeting made up in short lengths to suit the Calcutta market, of which they are a specialty; "longcloth" is a name for a coarse shirting of particular dimensions chiefly imported at Bombay; while shirting of a coarse texture, when made up of a certain length and width, is almost the same as T cloth. To put the case in another form, cloth of almost the same texture *may* be found in a chudder, a dhotee, a T cloth, a longcloth and a shirting, the only variation being in length, width, and other details. We are well aware that it is only in a certain sense that these names can be said to be interchangeable, for a cloth is not, strictly speaking, entitled to a certain name unless it is of the dimensions, yarns, and description generally known as appertaining to that name. And further, some names indicate somewhat different articles according to whether they are used for the markets of India or the United Kingdom. Virtually, all grey cloths are one long range, varying and almost infinitely variable in the details of length, width, weight, or yarn. It is sometimes very difficult to determine to which "description" a particular cloth belongs.

9. The only effective remedy obviously is to treat similarly, whether by exemption or taxation, all cloths of the same texture, irrespective of the lengths and widths in which they happen to be made up, or the names by which people may choose to call them. This course is that which is, more or less explicitly, asked for by the Chambers of Commerce of Bengal and Manchester, as well as by four mercantile firms in Calcutta, four in Madras, and four in Bombay, who have been consulted, and is approved by the Bengal Board of Revenue and the Customs Collector and Government of Madras. On the other hand, it is opposed at Madras by the Board of Revenue and one firm, and by the Chamber of Commerce, a copy of whose letter is appended. The Bombay Chamber of Commerce, and the Governments of Bengal and Bombay, have expressed no opinion.

Only effective remedy is similar treatment of *all* cloths of same texture.

10. To ascertain, however, whether cloths are of a specified texture is one of the difficulties by which the whole question is surrounded. Theoretically, texture depends solely upon the quality or fineness of the yarn employed, and the latter should be readily ascertainable by weighing a piece of cloth of certain dimensions. In other words, the count, dimensions, and weight of a piece should indicate the average number of the yarn. But this is only true of goods made of pure cotton, and, practically, no such goods exist. A certain amount of sizing is indispensable to strengthen the warp against the friction and wear it must undergo in weaving. A larger amount is sometimes added to improve the appearance of the cloth, and more still to make it cheaper by taking the place of cotton. Addition with the last-named object is often carried, by the aid of China clay and other substances, to an extent amounting to fraud. Sizing and "filling" (as heavy sizing is sometimes called) are thus an inevitable disturbing element, which renders simple weighment insufficient as a test of yarn. No practical method of readily testing the amount of size in cloth has yet been brought forward, as far as we are aware.

Difficulties of *testing* texture.

11. To meet the difficulty, two courses have been suggested. A Manchester manufacturer has represented that weighment is a good test, provided an allowance be made for sizing, and that 25 per cent. should be the amount of such allowance. Having fixed upon a certain standard of yarn for warp and weft as the maximum for exemption, and ascertained the weight, including 25 per cent. of sizing, of a square yard, a series of tables might be constructed showing the correct duty-free weight of T cloths, longcloths, and other makes for each count in the reed and pick and each different width. A Custom House officer, after ascertaining the count and dimensions of any cloth, would only have to weigh it, and charge duty or not according to whether the weight was less or more than the duty-free weight shown in the corresponding table.

Test by weighment.

12. To this suggestion, which appears to be partly (at least) derived from the French and other tariffs, there occur to us several objections. *Firstly*, the fixing of a per-centage for sizing is a material interference with the freedom of trade. We are told that there are special objects for which heavily-sized goods are preferred, and that in any case the consumer should not be indirectly influenced in the exercise of his discretion. As a matter of fact, goods are frequently

frequently sized far above 25 per cent. *Secondly*, a direct inducement would be offered to putting in extra size, so as to bring the weight of the cloth above the weight given in the table, while, on the other hand, the more honest cloths with less sizing would be deliberately handicapped. *Thirdly*, the fixing of a limit would tend to encourage sizing up to that limit, and 25 per cent. is probably about double the proportion required for useful or honest purposes. *Lastly*, any system based on weighment can only test the *average* fineness of the yarn, and will allow of yarn far finer than the standard being used in the weft. Thus, a standard of 30s would, under this system, admit of the use of 40s in the weft, combined with 24s in the warp, with the result of admitting free of duty a yarn respecting which Manchester has at present no direct Indian competition to encounter. If the standard were lowered so as to exclude warp and weft *averaging* more than 30s, it would be unfair to much honest cloth, and possibly might even leave untouched a part of the protection which it is the object to remove. Owing to these objections, and especially the last, we consider the test by weighment, as far as now understood, to be unworkable.

Test by measurement.

13. The other alternative, advocated by a Bombay merchant, consists in unravelling a sufficient length of the weft, measuring off one or more leas* of it on a machine or warp reel of a certain size, and then weighing them to deduce the number of hanks which will go to the pound. He says:—

"The warp would certainly be more difficult to test than the weft; but I think I am correct in saying that in no case is the warp of any cloth ever of higher count than the weft, and thus, if the weft were found by testing to be low enough to pass below the duty standard, it might safely be assumed that the warp was also, so that it would appear that if an efficient test could be applied to the weft, it would meet the object in view. Now, as a matter of fact, the weft is easily unravelled, and still more easily tested; and such testing is likely to be accurate from the fact that cloth is sized while in the warp and before the weft is applied. Thus, the weft is not directly sized, and only absorbs what it may gather from the warp. That it does absorb some, is no doubt the case; but in all probability this is not more than 6 or 8 per cent. at the outside, and the testing would thus be accurate to within that limit; say in 30s to within two or four counts."

The Commissioner of Customs, Bombay, writing on the same subject, says that the weft is not invariably, though it is usually, finer than the warp, and that several tests from the same cloth sometimes give different results. On the other hand, he seems to estimate the probable error at not more than one or two numbers, and this is supported by other evidence and our own experiments. We are informed by a Calcutta firm, who import largely on their own account, that the warp reel is used daily by their agents in Manchester to test the purchases made on their behalf, and is found sufficiently trustworthy to protect them from imposition and loss.

14. This mode of test rests on more than one assumption, and evidently cannot give absolutely accurate results. The margin of error, however, seems pretty fairly distributed. If the weft takes up from the warp size enough to increase its weight by two or three numbers, that is in favour of the manufacturer. If, on the other hand, the effect of the size is, in some cloths at least, "neutralized by the increased tenuity resulting from the weaving and unravelling," as experience at Bombay is reported to show, the Government will be no loser.

Test by measurement preferred.

15. Bearing in mind that absolute accuracy is rarely attainable in anything, that the bulk of imports will probably still consist of cloths of the well-known dimensions, weights, counts, and qualities (about which disputes are rare), and that, even without the systematic use of the reel, the decisions of our Customs Collectors as to yarns appear to have been pretty generally acquiesced in as equitable, we are of opinion that the system of measurement will in practice be found sufficient as a test of texture. It is at any rate preferable to any other with

* Yarns are numbered according to the number of hanks of 840 yards long that go to the pound weight. Yarn of which 30 hanks make a pound is called 30s, and so on. Each hank consists of seven leas. Each lea of 120 yards long = 80 revolutions of a 54-inch reel.

with which we are acquainted, and the objections to it are not sufficiently weighty to render unsafe the exemption of all cloths of the same texture, which we have above stated to be the only effective remedy for the complaints against the system of exempting specified classes of goods now in force under the Notification.

16. The question which next arises is what texture of cloth, or, in other words, what number of yard should be made the limit of exemption. In paragraph 57 of the Resolution already referred to, the object at present in view is declared to be the abolition of such of the Indian cotton duties as are now actually protective. The chief point to consider is what are the present capacities and work of the Indian mills. Regarding Bombay, Mr. O'Conor, the Assistant Secretary in the Statistical Branch of the Department of Revenue, Agriculture, and Commerce, made, during a recent visit there, very full inquiries. They amply corroborate what has already been formally stated on various occasions. We make the following extracts from a useful note which he has submitted :— Suitable limit of exemption.

"The bulk of the yarns spun consists of Nos. 6, 10, and 20 mule twist. Water twist is spun in smaller quantities, and the highest number spun in any quantity seems to be No. 18, but the bulk is 16s. * * * * The commoner kinds of short-stapled cottons are not fit for the spinning, by machinery, of the finer kinds of yarns; * * * * from 24s to 26s, 28s, and 30s the spinner requires a longer-stapled cotton, such as Hingunghat and good Coompta, and even such good cotton is not adapted for the proper spinning of yarn above 30s * * * * For the weaving of T cloths, longcloths, and domestics, the yarns employed range from 14s to 18s water, and 16s to 22s mule. Very little mule twist is spun above 24s, and these (24s) are sent largely to China. For hosiery 26s and 28s are spun. * * * * The real number, as ascertained by practical test of the yarns spun in the Bombay mills, is almost invariably two numbers lower than the declared number. I have tried the yarn repeatedly, and found this to be the case."

The spinnings at Madras and Calcutta are of much the same character.

17. There are thus good grounds for believing that, except in a small number of isolated instances, the limit of 30s fixed by the Notification goes rather beyond what is necessary for abolishing existing direct protection. The small margin thus left is, however, useful in many ways, by leaving room for errors of estimate, by covering isolated higher local manufacture, by allowing a greater difference between warp and weft, by minimising disputes, and by promising greater permanence for the limit than could otherwise be expected. A limit of 26s might cover the bulk of the local manufacture for a time, but it could not be long maintained, while much outcry would be caused by a reduction from the existing limit of 30s, which seems to have been generally approved. To this we have alluded further in paragraph 27. We would therefore deprecate any alteration, unless indispensable for financial reasons.

18. We have spoken above of existing *direct* protection. But there exists also the indirect protection alluded to in the Resolution, which enables the Indian-made coarse goods to displace, by their cheapness or other qualities, finer cloths imported. We have been shown a particular cloth, made of 20s in an up-country mill, which we are told is driving out, in a certain local area, imported cloth made of 40s. The former happens to serve a particular purpose as well as the latter, while it is cheaper and wears better. In Bombay, local longcloths have already almost driven out imported ones of finer yarn, and Bombay dhoties *may* in time seriously affect the coloured-border imported dhoties now preferred to them in Bengal. But this indirect protection is very impalpable, and may easily be over-estimated. We do not see how it can be dealt with, except by an exemption going far beyond the present limits of actual local manufacture, and involving a sacrifice of revenue not absolutely necessary. Supposing, for instance, 40s were taken as a limit, this would admit duty-free the great bulk of shirtings and other fine grey goods. The loss would probably reach more than double the amount assigned in paragraph 23 to a limit of 30s, and as the goods are now in the market, instead of having to be made to suit new conditions (as explained in paragraphs 21 and 23), this loss would accrue at once. If so much were conceded, it would

hardly be worth while to stop short of exempting *all* grey piece goods from duty.

Prevention of frauds.

19. In order to diminish the difficulties of the Customs Collector in ascertaining whether goods are within the duty-free limit, two suggestions have been made to us by members of the mercantile community. The first is that the highest number of yarn used in any imported cotton cloth should invariably be declared by the importer in his bill-of-entry, on his own authority, or that of a manufacturer's certificate. This the Chief Customs authority possesses, under section 86 of the Sea Customs Act, power to require him to do. The second is that no such cloth should be admitted duty free unless it was stamped by the manufacturer with the "description," or the limit of yarn, under which it is to be declared and passed. It is argued that these measures would prevent goods being passed as duty-free quality, and afterwards sold as of their real higher quality, and would thus deprive the importer of his chief inducement to fraud, as also that they would at the same time be a material assistance to sound goods, and no honest trader could reasonably object to them. We must state frankly, however, that we place little reliance upon certificates and declarations. As to marks, experts at trade centres are never guided by them, and up-country retail purchasers rarely even understand them, but depend on their own inspection of the cloth itself.

Financial results of exemption already granted.

20. We will now endeavour to present the financial aspects of an exemption of *all* cloths made of yarn not finer than 30s. The concession in this direction already made was estimated, in paragraph 58 of the Resolution of 18th March 1878, as costing not more than 22,227 *l.*, and probably less, according to the duty paid in 1876–77. On the figures of 1877–78, now available, the estimate would be 16,775 *l.* only. The actual amount of duty foregone in the eight and a third months following the date of the Notification has been 8,907 *l.*, as far as we have been able to ascertain. The later Madras figures, and those for "other ports," are only estimates. This low result is, however, to a great extent abnormal. Importations of grey piece goods are usually slack before, and during a great part of, the monsoon, while the late scarcity in Western and Southern India, the disturbed state of Europe, the strikes in English manufacturing districts, and the accumulation of certain stocks have probably all contributed towards a diminution of imports. At the same time, such explanations cannot be altogether relied on, for the fluctuations which take place in the different items of the cotton trade are considerable, and are attributable to alterations in the public taste, to the opening or closing of particular markets, and other causes, as well as to such as those already named. The marginal table is instructive in this respect. The fall in coarse goods above referred to will be seen to have been accompanied by a considerable rise in higher qualities, resulting in an increase of 8·8 per cent. in the entire value of the trade, and of 10,370 *l.* in the duty accruing to the Government. A scrutiny of the returns shows that this increase has occurred almost entirely in Bengal, and the fact may be held to coroborate the argument put forth in paragraphs 21 to 26 of the Secretary of State's Despatch, No. 9, dated 31st May 1878, that the trade is checked in Bombay, where local production exists, but thrives in Calcutta. On the other hand, however, it might be retorted that the increased imports from Bombay, mentioned in paragraph 25 are, consequently, doing no harm, and that there have been decreases in Madras, Burma and Scind, where there are no local mills at all. The truth seems to be, that in this case both Bombay and Manchester have poured out their over-production on the largest market they could reach, and that, generally, much caution is necessary in drawing inferences from limited statistics.

	April to June.	July to 31 Dec.	Total.
	£.	£.	£.
Bengal - -	751	3,932	4,683
Bombay - -	1,005	2,226	3,231
Madras - -	243	565	808
Other Ports - -	60	119	185
Totals - - £.	2,065	6,842	8,907

Items.	Values. 1876–77.	1877–78.
Piece-goods—	£.	£.
Jaconets	634,877	791,649
Mulls	195,640	164,597
Printers	62,941	50,445
Shirtings and longcloths	5,804,862	6,836,596
T cloths, 18 reed and upwards, and madapollams	891,979	800,743
T cloths under 18 reed, jeans, domestics, sheetings, and drills	444,413	335,500
Other sorts, grey	1,238,124	2,218,539
White, bleached	2,873,639	2,954,775
Coloured, printed or dyed	2,690,188	2,454,100
Handkerchiefs and shawls in the piece	60,256	135,806
Canvas	324	1,191
Other sorts of piece goods	4,068	5,340
Total Piece goods - - - £.	14,901,311	16,749,281
Sewing thread	60,561	83,446
Twist—		
Mule, No. 32 and under	97,162	96,507
" " 33 to 42	749,174	830,892
" above 42	309,585	331,033
Water, No. 20 and under	1,105	1,588
" " 21 to 30	102,086	196,445
" " above 30	16,719	5,918
Turkey red	854,836	970,307
Other colours	408,646	455,384
Total Twist - - - £.	2,629,313	2,888,074
All other sorts of cotton goods - - - £.	28,443	37,454
Grand Total - - - £.	17,619,628	19,758,255

We may here state that neither in this place, nor elsewhere in this report, are

are we to be understood as ascribing the advance in local manufactures solely, or even mainly, to any protection which they may have received from the import duties.

After a retrospect of past years, we are inclined to think that the loss in an ordinary whole year by the exemption already granted may be taken at 20,000 *l.* in round numbers. It is here worthy of note that the coarse goods import trade only amounts now to about one-half of the estimate of four lakhs given of it by the late Tariff Committee in 1875, in paragraph 13 of their Report.

Estimated loss by extension up to 30 s.

21. Obscure and doubtful, as even an estimate of the loss involved in the concession already made is thus found to be, it is certainty compared with any figures which can be offered relating to the extension to all goods made of 30s and under, which is now in question. Setting aside all considerations of overstocking, depression of trade, and the like, two fundamental difficulties remain. The first is, that the yarn of which goods are made is never specified by importers or manufacturers, whose interest, indeed, it is to hold back what would be a means of ascertaining the amount of size employed. The entire range of superior goods from printers downwards; printers, madapollams, longcloths, shirtings, T cloths 18 reed and upwards, and dhoties—comprises qualities made of 30s, and even, in some cases, rather lower numbers; but what proportion they bear, it is impossible to affirm. The second difficulty is that the extension under discussion would probably soon effect a complete revolution in the piece goods trade. The Commissioner of Customs of Bombay (Mr. Pritchard), in an able report on the whole subject, observes of the extension:

"It will operate to create a new class of shirtings made of yarns 28 by 29 or 30, instead of the present standard quality of 32 by 36. This will pass free of duty; and, if it finds favour in the market, will take the place to a large extent either of the longcloths or of the shirtings now used, or of both. The extent to which the revenue will be affected will depend, first, on whether the new texture takes, and next, on whether it finds its chief sale among the classes which now buy Indian-made longcloths, or among those who use the imported shirtings. As it will be of better quality than longcloths, and will be saleable at 5 per cent. cheaper than the shirtings now made, it seems likely that it will compete about equally with both; and that assuming that it displaces altogether about half as much cloth as is now imported, the loss to the revenue likely to result from its introduction may be taken at about a quarter the income now derived from shirtings."

A large mercantile firm consulted says:

"There can be no doubt that a trade in cloth made of yarn just within the limit for exemption of duty would be fostered, and which might gradually become of considerable importance. Such cloth would probably be appreciated by consumers for its intrinsic value, as well as for its comparative cheapness, owing to there being no duty upon it; and if this should be the case, it might do away, to a considerable extent, with the importation of cloth made of yarns, ranging from 32s upwards."

Going on to estimate the total duty paid by grey cloths made of yarns from 32s to 44s at 160,000 *l.*, this firm give, as a "rough guess," one-half of that amount as the probable loss under that item alone. Four other non-official authorities, whom we have consulted in Calcutta, respectively put the loss at one-fourth, two-thirds, three-fourths, and seven-eighths of the shirting revenue.

22. The duty received for grey cotton goods in 1877-78 is shown in the margin. The fifth item is that of the goods exempted in March last. The others are those which the extension would more or less affect. Chudders would become entirely free, as they are of the same class as the articles under item 5. They would probably have been exempted by name in March last had they been brought to notice, but they are not separately specified in the general returns, as their demand is local and their yield inconsiderable. Coarse or "shirting dhoties" would also be almost entirely freed, if their borders, which are either coloured or of fine white yarn, were left out of consideration. But these borders place them to some extent in the category of fancy goods, and (together with certain caste rules and preferences) give them a position distinct from that taken up by the coarse Bombay dhoties which are now coming to Calcutta in increasing quantities. They are in demand almost exclusively in Bengal, but the

	£.
1. Jaconets and mulls	47,712
2. Printers	2,522
3. Shirtings and longcloths	341,835
4. T cloths over 18 reed and madapollams	40,037
5. Ditto under 18 reed, jeans, domestics, sheetings and drills	16,775
6. Other sorts, including dhoties and chudders	110,929
£.	559,810

item is a very heavy one, and if financial difficulties are pressing, their exemption might be postponed for a time, though it could hardly be permanently denied. The real element of uncertainty arises, however, from the exemption of invading, in unknown force, the great domain of shirtings and longcloths, which produces about a third of a million sterling. Longcloths are now an insignificant item, so the shirting revenue is that really threatened.

23. The difficulty of our offering any estimate at all of the probable sacrifice of revenue involved in exemption with a limit of 30s will, we trust, be fully recognised. We can only put forward, as possibly of little worth, the following figures derived, as regards Bombay, from the Commissioner's report, and as regards Calcutta, from our sifting of the various surmises which have come before us. The amount is about 36 per cent. of the total duty derived from grey goods. Our general impression is, that in the first year before there has been time for new makes of shirting to be devised and establish a footing throughout the country, the loss would be less, perhaps considerably less, than this proportion, but that in subsequent years it might be more. The period within which the full loss will be attained is put by various authorities at from one year to three. Considering that weaving new kinds of cloth involves first spinning the yarn, that such cloths are not likely to be largely made until samples have been sent to India, and public opinion has been tested regarding them, and that existing stocks of finer goods must be worked off, we doubt whether the new makes will appear in any great quantity in the Indian market before the fall of 1879, and we should not be surprised if the actual loss of revenue in 1879-80 turned out to be at least a fourth or a third less than the sum we have named. That sum might be further considerably reduced if dhoties were not freed.

	Bengal.	Bombay.	Total.
	£.	£.	£.
Printers	-	500	500
Shirtings and longcloths	80,000	21,000	101,000
T cloths 18 reed and upwards	2,000	8,000	10,000
Madapollams	10,000	2,000	12,000
Shirting dhoties, &c.	50,000	5,800	55,800
Chudders	2,500	-	2,500
	144,500	37,300	181,800
Add for other Provinces about			20,200
		£.	202,000

24. We have not overlooked the fact that in the 3rd paragraph of your letter the reference to us embraces the question of exempting all goods of a class not only produced, but "capable of being produced," in the Indian mills. Their present capacity, or in other words, what it at present pays them to produce, has been indicated above, and upon that the limit of 30s rests. But what classes of production may hereafter become remunerative to them, with the existing freedom to import long-stapled cotton, and under the stimulus which the increase of mills throughout India and the untaxed admission of higher Manchester goods will afford, we are unable to conjecture. But we may quote, as still appropriate, some remarks made by Mr. Hope in a speech introducing to the Legislative Council of the Governor General the Tariff Bill in August 1875:

"This scheme (of exempting the coarse goods subject to local competition) had, at first sight, a great deal to recommend it, but it was open to two objections; first, that it was impossible to draw a well-defined line between coarse and fine goods; and, secondly, that any line drawn would not only lead to elaborate evasions and frauds on the part of the home manufacturer, who would endeavour to make goods which should just come within the exemption, but would stimulate the local mills to manufacture goods just above the line, and so would enlarge the range of the competition now complained of. The line would never be a steady and permanent one, for it would be necessary perpetually to keep moving it on further and further, higher and higher, until in the end perhaps the whole duty would be affected."

In the same sense, a large Bombay mercantile firm, speaking of the relief of "chudders" from duty, adds:—

"Our own feeling is that local manufacturers can hold their own against Manchester competition in such articles without the assistance that is rendered by import duty, and we further believe that gradually they will extend the field of their competition with Manchester manufacturers, and that, eventually, they will compete successfully in the higher counts of yarn, and also in finer cloths, solely on the strength of their superior position as regards the supply of the raw material and their proximity to the great consuming markets of Asia. At present there is little or no inducement for the local mills to attempt the higher counts of yarn. But competition amongst themselves will gradually force them into it, and in such a case there will be no great difficulty in importing to advantage the better class of raw cotton required either from Egypt or America."

Under these circumstances, we think it is only possible to act upon existing well-ascertained facts.

25. In

25. In illustration of this branch of the subject, we may give the following figures, showing the advance which has lately been made by the Bombay mills in supplying by sea the markets of other parts of India, excluding ports within the Bombay Presidency, of which complete returns are not procurable :—

Exports from Bombay.	1875-76.		1876-77.		1877-78.		1878-79.			
							Nine Months' Actual.		Twelve Months' Estimate.	
	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
		£.		£.		£.		£.		£.
To Ports in Bengal:										
Twist and yarn - - - - *lbs.*	372,400	16,418	4,308,524	190,593	5,838,262	261,155	3,130,810	134,601	4,274,413	179,468
Piece goods - - - *yards*	1,161,575	16,670	3,497,966	66,450	12,038,564	225,291	13,273,255	218,662	17,697,673	291,550
To Ports in Madras:										
Twist and yarn - - - - *lbs.*	4,667,209	214,498	5,850,365	272,575	5,076,717	239,753	4,145,532	189,922	5,527,376	253,229
Piece goods - - - *yards*	1,000,314	28,674	946,558	27,855	795,063	20,283	311,235	9,253	414,980	12,398
To Other Indian Ports:										
Twist and yarn - - - - *lbs.*	502,533	23,044	538,149	26,140	894,440	39,091	692,706	28,118	923,608	37,490
Piece goods - - - *yards*	10,420,128	132,689	12,595,642	169,999	12,925,749	159,535	7,854,662	85,211	10,472,882	113,615
Total:										
Twist and yarn - - - - *lbs.*	5,542,142	253,960	10,697,038	489,308	11,809,419	539,999	7,969,048	352,641	10,725,397	470,187
Piece goods - - - *yards*	12,672,017	178,033	17,040,166	264,304	25,759,376	405,109	21,439,152	313,127	28,585,535	417,563
Total Values - - - £.		431,993	- -	753,612	- -	945,108	- -	665,768	- -	887,750

To this must be added the goods sent by land. The extent of this trade cannot be ascertained, as even the returns of supplies sent by railway do not distinguish Indian from European cotton manufactures, but it is estimated by authorities competent to judge at not more than 20 per cent. in addition to the above. Besides this expansion within British India, the export trade in cotton yarn and piece goods of Indian manufacture from all India has, within the last four years, increased, as shown in the margin. Of this trade, about 85 per cent. belongs to Bombay. On the other hand, taking the value of the whole internal trade in 1877-78 at 1,130,000 *l.* in round numbers, this is only about 8 per cent. of the value (14,190,000 *l.*) of the imports of grey goods from the United Kingdom into British India in the same year, and the Bombay trade is undoubtedly far from remunerative at present. At a meeting of the Millowners' Association, held there on the 15th instant, it was stated that "nearly one-third of the local mill industry has, in the space of a few months, actually failed. Eight mills have already been put into liquidation, and two or three more are expected to go very soon." Indian cotton manufacture has probably a great future, but that future is probably somewhat remote.

—	1875-76.	1876-77.	1877-78.	1878-79. Three Months' Estimate.
Twist and yarn - *lbs.*	6,228,511	7,926,710	15,600,291	21,963,646
Piece goods - *yards*	15,059,083	15,544,108	17,546,369	22,750,212

26. Your reference to us likewise contemplates, as a limit to the exemption to be suggested, that it shall not involve "an undue sacrifice of revenue," and "a loss of revenue that could not be afforded." What sacrifice of revenue would not be undue depends upon the present urgency of the necessity for extending the exemption, and what loss of revenue could be afforded can only be determined in clear view of all the financial resources and necessities of India during the coming year. Upon both these matters we possess no sufficient knowledge. We consequently feel that we cannot do more than lay before the Government of India such estimates as we are able to frame of the cost of the various courses of action which appear to be practicable, with the merits or defects of each, and add two remarks; 1st, that the loss by any exemption may be expected to be somewhat recouped by a slight gain, proportioned to its extent but not now ascertainable, in railway receipts; and, 2ndly, that our recommendations for revision of tariff valuations, which cannot be matured until the end of the month at the earliest, appear likely to involve a considerable loss.

 27. Our

Alternative practicable remedies.

27. Our reasons for thinking the exemption of all cloths of yarns under 30s to be the only present effective remedy for the complaints which have arisen have been given above. In view, however, of the sacrifice of revenue thereby involved being found impossible, we may explain two alternatives which occur to us as practicable; 1st, to exempt all cloths of the same texture, but to lower the standard to yarns No. 26s; 2nd, simply to add one or two more designations of cloth to those contained in the Notification of the 18th March.

First alternative remedy.

28. All the evidence received shows that although the Bombay mills *do*, in special cases and by special order, use yarn nominally 28s and 30s, the vast bulk of the out-turn is well within a maximum of 24s. A limit of 26s would probably, therefore, suffice *for the immediate present* to relieve from duty most of the imported cloths (speaking broadly) which now suffer from direct local competition. Under this limit, printers (an insignificant item) would get no exemption: T cloths 18 reed and upwards, as also chudders, would enjoy about the same as under a limit of 30s, exemption of madapollams would fall to about half, and that of shirtings and dhoties (especially the latter) would be very materially, though perhaps not entirely, curtailed.

29. Subject to all our previous reservations as to the impossibility of giving more than a guess, the cost of this alternative may be presumed to be as per margin. The item for shirtings, however, may perhaps be too high. As before, the whole of this loss would not accrue in the first year, but a greater proportion of it probably would.

	Bengal.	Bombay.	Total.
	£.	£.	£.
Shirtings and longcloths -	30,000	8,000	38,000
T cloths 18 reed and upwards	2,000	8,000	10,000
Madapollams - - -	6,000	1,000	7,000
Shirting dhoties, &c. - -	10,000	1,100	11,100
Chudders - - - -	2,500	- -	2,500
	50,500	18,100	68,600
Add,—for other Provinces, say - - -			7,600
Total - - - £.			76,200

The advantages of this alternative are, that it would be much cheaper than the exemption up to 30s, and that it would save our shirting revenue considerably. Supposing the present normal range of coarser shirtings to be made of from 40s to 34s, it would not be difficult for a new class, made of 30s and just under, to take their place extensively. But to get four counts lower is a different thing, and shirtings of 26s would not be good enough for a large proportion of purchasers. We may add that this limit is recommended by the Bombay Commissioner of Customs. On the other hand, the disadvantages are, that the narrower limit would make disputes much more frequent, that the retrocession from the already notified limit of 30s would cause much outcry, and that the measure could be but very temporary, as the Indian mills would be stimulated at once to push their manufacture into the finer numbers of yarn, and the pressure for a return to the limit of 30s or higher could not be long resisted.

Second alternative remedy.

30. If it were decided merely to add a few readily distinguishable kinds of cloth to those already named in the Notification, "*chudders*," which are merely sheeting made in particular lengths to suit the Calcutta market, should certainly be so treated. The coarsest dhoties might also perhaps be exempted, but in their case a special limit of 26s yarn would be desirable to exclude the better class of shirting dhoties which would otherwise come in largely for shirting purposes. Similar treatment of longcloths we cannot recommend, as they are practically undistinguishable from shirting. To admit them with a special limit of 26s would financially be nearly the same as adopting our first alternative in its entirety, but the practical difficulty of deciding whether a cloth made of 28s should be called a longcloth and taxed, or a coarse T cloth and exempted, would be almost insuperable. The cost of exempting "chudders" and dhoties of 26s would probably not exceed 15,000 *l.* The maintenance of the Notification, thus amplified, would of course leave unsatisfied, in the main, the desire of the present complainants to be allowed to make, unfettered except by the 30s limit, shirtings or any other cloth they please. We would not be understood as in any way advocating it.

General reduction of the rate of duty on grey goods.

31. We may here mention that it has been represented to us that it would be better for the interests concerned to reduce the 5 per cent. duty on all grey goods by 1 per cent. or more than to exempt certain specified descriptions of cloth, or even all cloths made of yarn up to 30s or any other particular count. In support of this, much extent and importance is assigned to the displacement movement, and it is said that the Indian piece goods and yarns are rapidly affecting

affecting all except the very highest imported goods. It is held that such a general reduction, say, of only 1 per cent. at a time, as the finances could bear the loss, would be preferable to total exemption of goods below any given line combined with full duty on those above it. It is thought hard that mills in Lancashire which turn out one class of goods should get a relief which others do not share. The uncertain financial effect of exemption on a limit of 30s, and the probability of nearly the whole shirting revenue being lost by it, are insisted on, and the general reduction is advocated as a more certain and economical measure.

32. Setting aside for a moment the practical difficulty of re-imposing a duty of 4 per cent. on the descriptions of goods which have already been declared free, we cannot see how the measure proposed is at all in accord with ascertained facts. We have no good evidence that the displacement movement has attained the proportions alleged, but there is no doubt at all that the Indian mills do, within certain limits, compete seriously and extensively with importers. As it has been decided that the latter are to be relieved of protective competitors, we can see no argument, on the merits, for relieving them piecemeal, and prolonging over a series of years part of any loss they are admitted to sustain, especially with the object of giving exemption from duty to those whose position is as yet only feebly assailed. Financially, the measure possesses some recommendations, but we do not think they outweigh the objections to it, and we doubt whether it would find much favour with the mercantile community.

Complaint about yarns.

33. We now turn to the complaint regarding yarns made by the Manchester Chamber of Commerce alone. It is to the effect that all yarns up to 36s water and 42s mule ought to be exempted, because the great portion of yarn shipped to India up to 24s water and 40s mule, both inclusive, is spun from cotton grown in India. Upon the face of this, it does not appear why the exemption should go up to 36s water, when the limit of Lancashire spinning of Indian cotton is confessedly only 24s; or again, why the Indian cotton should be sent to England at all to be spun into high numbers unless it cannot be spun profitably on the spot. That it cannot now be so spun, has been repeatedly ascertained by the most careful inquiries, including the recent ones of Mr. O'Conor. He says:

"The bulk of the yarns spun consists of Nos. 6, 10, and 20 mule twist. Water twist is spun in smaller quantities, and the highest number spun in any quantity seems to be No. 18, but the bulk is 16s. * * * The causes, then, which prevent the spinning of yarns of 40s and upwards in the Indian mills are, 1st, high price of raw material; 2nd, diminution in outturn as compared with lower counts; 3rd, inferior quality of outturn as compared with English yarns. These causes are, no doubt, removable. If the finer cottons are more largely grown, and the price falls considerably, the smaller outturn of yarn within a given time will not be of material importance, and it is possible that with the use of longer stapled cotton and the exercise of greater skill and care, the quality may become as good as that of English yarn. * * * It will be long indeed, in my judgment, before the Indian mills will venture on any active competition with Manchester in the spinning of 40s and higher counts of yarn."

The above conclusion is supported by the fact that the numbers for which exemption is asked are those in which the importations are largest, and that there are no symptoms of a decline in the trade. As to indirect competition, we have been told that Bombay 20s are displacing, for homespun cloth, imported 40s doubled, but as to this we can only refer to what we have said above in paragraph 18. The extent of the trade during the last nine years is shown in the margin. The amount of duty realised is about 35,000 *l.* per annum, a sum far too large to be sacrificed without apparent reason. We may add that the exemption asked would be a great boon to the Bombay mills, and materially promote their spinning fine cloths with English yarn, to the further detriment of the Manchester piece goods trade.

	Water Twist.		Mule Twist.	
	Imports into Calcutta.	Imports into Bombay.	Imports into Calcutta.	Imports into Bombay.
	21s to 30s. *lbs.*	30s. *lbs.*	33s to 40s. *lbs.*	40s. *lbs.*
1869	The Imports are quite trifling.	3,350,185	7,504,500	1,414,890
1870		3,686,570	10,364,000	1,861,310
1871		1,645,270	7,108,500	987,712
1872		2,276,618	7,961,000	912,415
1873		2,220,920	5,603,500	1,432,130
1874		3,021,510	9,052,000	1,056,965
1875		2,019,680	5,977,000	1,193,100
1876		2,922,970	6,133,000	1,557,330
1877		4,325,541	8,633,500	1,739,048

	1876-77.	1877-78.
	£.	£.
Mules, Nos. 33 to 42	26,221	29,081
Water, Nos. 21 to 30	6,723	6,875
Water, above	585	207
Total £.	33,429	36,163

34. With

34. With reference to the instructions contained in your 10th paragraph, we have to report that, in addition to careful perusal of the replies of various members of the mercantile community to references, official and demi-official, which had been made to them by the Local Governments and otherwise previously to our appointment, we invited the members of the Chambers of Commerce of Bengal and Bombay, and of the Calcutta Trades Association, to favour us with any representations or suggestions which occurred to them. We have accordingly received visits from several members individually, as also demi-official letters, and held on the 20th a conference with the Committee of the Bengal Chamber.

35. In conclusion of this report we have only to remark that we consider any discussion of, or expression of opinion on, the general policy of a partial or total remission of the cotton duties, and the probable effects of such a policy upon English or Indian manufacturers, or the Indian producer, consumer or tax payer, to be beyond the limits of the duty assigned to us, and have carefully abstained from such accordingly.

Enclosure, No. 1.

From *H. W. I. Wood*, Esq., Secretary to the Bengal Chamber of Commerce, to the Secretary to the Government of India, Department of Revenue, Agriculture, and Commerce; dated Calcutta, 17th April 1878.

I AM directed by the Committee of the Chamber of Commerce to address you in regard to the Notification No. 43, dated 18th March 1878, exempting from all import duties sundry descriptions of grey cotton piece goods.

In the Resolution, No. 1,911, dated 18th March 1878, published by the Financial Department, it is stated that the Government of India have been at some pains to ascertain how such of the cotton duties as appear to them actually protective could be defined, and it is then added, as the result of such inquiry, "that the real test is the quality or fineness of the yarn of which the goods consist."

The Committee of the Chamber do not propose to discuss the question of how far this proposition is correct; the object of their communication being to point out that the legislation which followed the inquiries resulting in the conclusion above referred to appears to have proceeded on a different basis, and to call attention to certain anomalies which, in consequence, have arisen.

Paragraph 57 of the Resolution particularises by name the descriptions of goods proposed to be exempted from duty; these being T cloths, jeans, domestics, sheetings and drills; and paragraph 58 imposes "the further condition that goods so exempted shall not contain finer yarn than what is known as 30s, that is, yarn of which 30 hanks of 840 yards each weigh one pound." In the Notification it is similarly specified that the goods exempted from duty shall come under certain designations, and also be subject to the further condition as regards fineness of yarn already referred to.

The apparent contradiction between the "real test," as defined by the Government of India, and the terms of the Notification, has occasioned considerable dissatisfaction amongst importers of cotton goods, and it has been represented to the Committee of the Chamber that the condition referred to must operate very unfairly against certain goods which, though satisfying the condition as to count of yarn, are still not commonly recognised by any of the names set forth in the Notification. As an illustration, the Committee would draw attention to a certain description of *stout* or *domestic* cloth, which, for convenience of sale, importers have been in the habit of receiving in pairs of about 10 yards in length. These goods are used very largely by the Natives as *chudders*, and consequently this name has been given to them by importers, and is their recognised designation by the Custom House authorities. This being so, it follows that although the cloth is in all respects, as far as quality is concerned, a *domestic*, still, with the present Notification before him, the Collector of Customs is unable to pass it free of duty.

Other instances might be given to show the unfavourable position in which importers of certain fabrics are placed, but *chudders* have been selected both because they fairly illustrate the anomally created by the terms of the Notification, and also because such goods are largely manufactured in Native mills; and thus the protection which the Government apparently desire to remove still remains in full force in regard to these goods.

The practical effect of the Notification as it now stands is that cloth made in a particular length and bearing an arbitrary title passes free of duty, while precisely the same fabric, cut up for convenience of sale into a different length, has to pay duty.

The

The Committee of the Chamber would, therefore, respectfully urge upon the Government the desirability of amending the Notification so as to include *all* cloths, of whatever denomination, made of yarn not finer than 30s; or if the intention of Government was really to exclude from exemption all goods not specially particularised, although fulfilling as to quality and fineness of yarn the "real test" laid down in the Resolution, then in such case steps should be taken to remove the ambiguity which appears at present to surround the question.

For Enclosure, No. 2, *see* page 14 (No. 9) and following.

Enclosure, No. 3.

From the Chairman of the Madras Chamber of Commerce to the Collector of Customs, Madras; dated 3rd September 1878.

I HAVE the honour to acknowledge receipt of your letter of the 17th ultimo, requesting the opinion of the Chamber on the expediency of exempting all grey cotton piece goods unmixed with foreign substances, not containing yarn finer than 30s, and chudders made from 20s to 24s yarn, from import duty.

In reply, I am desired to inform you that, so far from admitting the expediency of the proposed exemption from duty, the Chamber fail to see any reason for inflicting upon the State a loss of revenue for which no compensation will be obtained. It seems to the Chamber that the present is a most unsuitable time for thinking of sacrificing any of the State's resources under pressure from interested and imperfectly informed foreign manufacturers, and that it would be difficult to find a tax which is felt so little by the people as that upon the fabrics referred to.

The repeal of all import duties might be expedient if the country were in a position to sustain without detriment the sacrifice of revenue; but situated as the finances now are, it is more than ever expedient that financiers should leave well alone. The Chamber would refer to the various reductions which have from time to time been made in the duty on cotton yarns and goods, and would ask whether, in any instance, the manufacturers obtained any benefit thereby. It will be found in all cases that the ultimate effect was to cheapen goods in India by the amount of duty surrendered; and the present complaints of Lancashire manufacturers are sufficient answer to any argument that they have profited by an increased consumption of cheaper goods.

— No. 11. —

Department of Revenue, Agriculture, and Commerce.

NOTIFICATIONS.—SEA CUSTOMS.

(No. 59.)

Calcutta, 13th March 1879.

IN exercise of the powers conferred by sections 23 and 205 of the Sea Customs Act, 1878, the Governor General in Council is pleased to cancel so much of the Notification No. 43, dated the 18th March 1878, as relates to grey cotton piece-goods, and to exempt from all Customs duties all grey cotton piece-goods, howsoever designated, which are shown to the satisfaction of the Customs collector, whose decision shall be final, to contain no yarn of a higher number than 30s.

This Notification shall take effect on and after the 15th March 1879.

— No. 12. —

(No. 60.)

IN exercise of the powers conferred by section 22 of the Sea Customs Act, 1878, the Governor General in Council is pleased, in modification of Schedule A of the Indian Tariff Act, 1875, to fix for the articles mentioned in the second column of the following Statement the Tariff values set forth in the fourth column of the same.

This Notification shall take effect on and after the 1st April 1879.

No.	NAMES OF ARTICLES.	Per	Tariff Valuation. Rs. a.
16	COTTON AND ARTICLES MADE OF COTTON:		
	Piece Goods:		
	Grey:		
	Jaconets, exceeding 10 × 10 to the ¼ inch.	lb.	– 10½
	Jaconets, other sorts	,,	– 9
	Mulls	,,	– 14
	Printers	,,	– 10
	Shirtings and longcloths	,,	– 8½
	T cloths, 18 reed and upwards, and madapollams.	,,	– 8½
	T cloths, under 18 reed, jeans, domestics, sheetings, and drills.	,,	– 7
	Twist:		
	Mule:		
	Nos. 33 to 42	,,	– 8½
	,, 43 to 52	,,	– 10
	,, 53 to 60	,,	– 11½
	,, 61 to 70	,,	– 13½
	Water:		
	Nos. 21 to 30	,,	– 8
	,, 31 to 40	,,	– 10
	,, 41 to 50	,,	– 11½
	Above 50	,,	– 14
	Twist, orange, red, and other colours, except Turkey red.*	,,	– 10
	Twist, Turkey red, all kinds*	,,	1 3
17	DRUGS AND MEDICINES, EXCEPT OPIUM:		
	Asafœtida (híng)	cwt.	70 –
	,, coarse (hingrá)	,,	11 –
	Camphor, refined, cake	,,	55 –
	,, crude, in powder	,,	45 –
	Cassia lignea	,,	22 –
	Salep	,,	90 –
	Senna leaves	,,	4 –
18	DYEING AND COLOURING MATERIALS:		
	Cochineal	lb.	1 8
	Gallnuts, country, myrabolam	cwt.	2 12
	,, Persian	,,	35 –
	Sapan wood and root	,,	5 8
23	GLASS, GLASS-WARE, BEADS, FALSE PEARLS, AND FALSE CORALS:		
	Glass, Crown, of sizes	100 supl. feet	5 4
	Pearls, false:		
	Bájria	lákh	3 –
	Boria	thousand	1 –
	Jouria	lákh	5 –
	Nathia	thousand	– 3
	Wattanah	lákh	9 –
24	GUMS, GUM RESINS, AND ARTICLES MADE OF GUM OR GUM RESIN:		
	Copal	cwt.	55 –
	Catch and Gambier	,,	12 8
	Gum Ammoniac	,,	13 –
	,, Arabic	,,	13 8
	,, Bdellium (common gum)	,,	6 –
	,, Bysabol (coarse myrrh)	,,	13 –
	Myrrh	,,	32 –
29	IVORY AND IVORY-WARE:		
	Unmanufactured:		
	Elephants' tusks, each exceeding 20 lbs. in weight, and hollows each weighing 10 lbs. and over.	,,	450 –
	Elephants' tusks not less than 10 lbs. and not exceeding 20 lbs. each, and hollows, each weighing less than 10 lbs.	,,	375 –
	Sea-cow or moye teeth, each less than 3 lbs.	,,	45 –

No.	NAMES OF ARTICLES.	Per	Tariff Valuation. Rs. a.
35	METALS, UNWROUGHT, WROUGHT, AND ARTICLES MADE OF METALS:		
	Brass:		
	Beads, Ghúngrí, China	thousand	1 –
	Old	cwt.	30 –
	Sheets, rolls, very thin	,,	75 –
	Wire	lb.	– 7
	Copper:		
	Australian cake	cwt.	45 –
	Bolt	,,	46 –
	Braziers and sheets	,,	46 –
	Japan	,,	41 –
	Nails and composition nails	,,	46 –
	Old	,,	40 –
	Pigs and slabs, foreign	,,	43 –
	Sheathing, and plate and raised bottoms.	,,	48 –
	Tiles, ingots, cakes, and bricks	,,	44 –
	Wire	lb.	– 9
	Gold leaf, European	100 leaves	2 12
	Iron:		
	Flate, square, and bolt, including Scotch.	ton	80 –
	Hoop, plate, and sheet	,,	105 –
	Nails, rose, clasp, and flat-headed, rivets and washers.	cwt.	11 –
	Nail-rod	ton	85 –
	Old	cwt.	1 8
	Pig	ton	42 –
	Rod, round, British, not exceeding half-inch diameter.	,,	90 –
	Rod, exceeding half-inch diameter	,,	80 –
	Swedish, flat and square	,,	125 –
	Tinned plates	cwt.	12 –
	Lead:		
	Pig	,,	12 –
	Sheets, other sorts	,,	13 –
	Orsidue and brass leaves, China	lb.	1 –
	Patent or yellow metals, sheathing, sheets, and bolts.	cwt.	38 –
	Ditto ditto, old	,,	30 –
	Quicksilver	lb.	1 4
	Steel, excluding railway materials:		
	Blistered	cwt.	8 –
	British and foreign, other than Swedish.	,,	7 –
	Cast	,,	20 –
	Spring	,,	8 8
	Swedish	,,	9 –
	Tin, block	,,	40 –
	Zinc or Spelter:		
	Nails	,,	20 –
	Plate and other shapes, hard	,,	12 –
	Sheet or zinc sheathing	,,	15 –
41	PAINTS, COLOURS, PAINTERS' MATERIALS, AND COMPOSITIONS FOR APPLICATION TO LEATHER AND METALS:		
	Ochre, other than European, all colours.	,,	1 4
	Paints, composition	,,	30 –
	Prussian blue, European	lb.	1 6
	Turpentine	Impl. gallon	1 8
	Verdigris	cwt.	70 –
	Vermilion, Canton	box of 90 bundles.	80 –
43	PERFUMERY:		
	Rose-flowers, dried	cwt.	12 –
47	PROVISIONS AND OILMAN'S STORES:		
	Bacon in canisters, jowls and cheeks	lb.	– 12
	Cheese	,,	– 12
	Ghee	cwt.	40 –
	Pork hams	lb.	– 12
	Vinegar, European, in wood	Impl. gallon	1 –

* Duty to be charged on the grey weight of the coloured yarn; when this is not ascertainable, the actual wharf weight, or invoice weight, to be taken.

No.	NAMES OF ARTICLES.	Per	Tariff Valuation.
			Rs. a.
51	SHELLS AND COWRIES:		
	Chanks:		
	Large shells, for cameos	hundred	6 –
	White, dead	„	3 8
	Cowras:		
	From Mozambique and Zanzibar	„	– 8
	Cowries:		
	Maldive	cwt.	7 8
	Yellow, superior quality	„	2 8
	Mother-of-pearl	„	20 –
52	SILK AND ARTICLES MADE OF SILK:		
	Floss	lb.	9 –
	Raw Silk:		
	Chaháram, Cochin China and yellow Shanghai,	„	4 8
	Waste and Kachra	„	1 –
	Persian	„	4 8
	Siam	„	2 –
	Raw silk, the produce of the tasar or other wild worm.	„	2 8
54	SPICES:		
	Aniseed, star	cwt.	33 –
	Betelnuts:		
	All other sorts	„	9 –
	Chillies, dried	„	9 –
	Cloves	„	65 –
	„ In seeds, Narlavang	„	24 –
	Mace	lb.	– 14
	Nutmegs in shell	„	– 6
	Pepper, black and long	cwt.	20 –
56	SUGAR:		
	China, candy	„	23 –
	Loaf	„	30 –
	Soft	„	15 –
57	TEA:		
	Black	lb.	– 10
	Green	„	1 2
61	UMBRELLAS:		
	China paper kettisals	box of 110	45 –
	Cotton, oiled, other than European	each	– 8

(signed) *A. O. Hume,*
Secretary to the Government of India.

— No. 13. —

EXTRACT from Government of India Financial Statement of 13 March 1879, paras. 171 to 205.

EXEMPTION FROM IMPORT DUTY OF ALL COTTON GOODS CONTAINING NO YARN OF A HIGHER NUMBER THAN 30 S.

Reform of Customs tariff.

171. In the Financial Statement for last year, the Government of India announced its intention of undertaking, conformably to the desire of Her Majesty's Secretary of State, a gradual reform of the Customs Tariff. The principles on which this reform could be carried out were distinctly enunciated with regard both to the Tariff generally, and to the question in particular of the abolition of the duties on the importation of cotton goods and yarns into India.

Abolition of duties on minor articles.

172. As a measure of general relief, the duties were removed on Railway Materials, and on a very large number of articles, comprised under 26 major heads of the Tariff, which yielded insignificant contributions to the Customs Revenue.

On long-stapled cotton raw.

173. Respecting the Cotton Duties, the first step taken was to abolish the duty on Foreign Raw Cotton imported into India. This duty was imposed in 1875, with the view of placing Indian and English manufacturers on the same footing in regard to the finer classes of goods; but it was held by Her Majesty's Government to be objectionable in principle, and it proved, as was foreseen at the time, almost entirely unproductive.

And on coarser cotton goods.

174. In further conformity with the views of the House of Commons, and the instructions of Her Majesty's Secretary of State, the Government of India determined to commence with the removal from the Tariff of the coarser qualities of cotton goods, which are subject to competition from the Indian mills and looms, and upon which the present duties are consequently in fact, as well as in principle, protective. The protection actually afforded was seen to be both indirect and direct. It was indirect through displacement of finer imported goods by the coarser and cheaper locally-made articles; it was direct, by the freedom of the latter from the taxation borne by imported goods of a similar class. With indirect protection, it was then felt to be impossible to deal.

All imported goods containing yarns not above 30s injured.

175. The real test of direct protection, or the reverse, was decided to be "the quality or fineness of the yarn of which the goods consist." Yarn designated 30s being known to be the very finest ordinarily made in India, or used for making cloth in the Indian mills, that count was adopted as the limit for exemption from duty with the view of removing direct protection. As, however, the count of yarn in the composition of cloths is never declared by importers at the Custom-house or elsewhere, and as the extent to which a simple limit of 30s might admit shirtings, long cloths and other textures forming the bulk of the grey goods imported was unknown, the necessary avoidance of financial risks required, as a further condition, that the goods freed from duty should be of certain specified and well-known descriptions, with which the successful competition of Indian manufacturers could be safely asserted. The limit of exemption for grey yarns was fixed at 32s for mule twist, and 20s for water twist.

Relief not enough.

176. To this measure, which took effect on the 18th of March 1878, the Government of India was not surprised to learn that strong objections had been raised. It only purported to be a safe commencement in a desired direction; and its scope was unavoidably limited, not only by financial considerations, but by the absence of comprehensive designations for the goods entitled to relief.

Commission appointed.

177. With the view of ascertaining the exact nature and bearing of the objections raised from without, and the feasibility of making a further advance on the line of policy definitively adopted, the Government of India, early in February last, nominated the Honourable T. C. Hope and Mr. J. D. Maclean, Collector of Customs at Calcutta, as a Commission to inquire into the matter, consulting freely the members of the mercantile community. The instructions issued to the Commission, and the report it has submitted, are published as Appendix A. to the present Resolution.

Its report.

178. The Commission reports that the Notification of 18th March 1878 was "sufficient and suitable for the objects the Government had in view, and that it has worked, within the limits it was intended to work in, without much trouble or complaint." But the Commissioners find that the real cause of complaints regarding piece-goods lies in "the fact that there is little essential difference between the cloths which have been exempted and large classes of cloth, otherwise styled, which have not;" and they state that—

"the only effective remedy obviously is to treat similarly, whether by exemption or taxation, all cloths of the same texture, irrespective of the lengths and widths in which they happen to be made up, or the names by which people may choose to call them. This course is that which is, more or less explicitly, asked for by the Chambers of Commerce of Bengal and Manchester, as well as by four mercantile firms in Calcutta, four in Madras, and four in Bombay, who have been consulted, and is approved by the Bengal Board of Revenue and the Customs Collector and Government of Madras. On the other hand, it is opposed at Madras by the Board of Revenue and one firm, and by the Chamber of Commerce, a copy of whose letter is appended. The Bombay Chamber of Commerce, and the Governments of Bengal and Bombay, have expressed no opinion."

Adhesion of Bombay Chamber.

179. With reference to the last sentence of this quotation, it must be added that, since it was written by the Commission, the Bombay Chamber of Commerce, at a general meeting held on the 4th instant, passed the following Resolution:—

"That the Government of India be urged to exempt from Customs duty all cotton goods of every size and denomination, if made of yarn of No. 30s and under."

Limit of 30s to be maintained.

180. The question immediately arising from the conclusion of the Commission which has just been quoted is, what texture of cloth, or in other words, "what number of yarn should be made the limit of exemption." After careful consideration of all available evidence, including recent special inquiries, the Commissioners hold that the limit of 30s, established last year, should be adhered to. They think there are—

"good grounds for believing that, except in a small number of isolated instances, the limit of 30s fixed by the Notification goes rather beyond what is necessary for abolishing existing direct protection. The small margin thus left is, however, useful in many ways, by leaving room for errors of estimate, by covering isolated higher manufacture, by allowing a greater difference between warp and weft, by minimising disputes, and by promising greater permanence for the limit than could otherwise be expected. A limit of

26s might cover the bulk of the manufacture for a time, but it could not be long maintained, while much outcry would be caused by a reduction from the existing limit of 30s, which seems to have been generally approved."

Indirect protection.

181. The indirect protection, on the other hand, they find not sufficiently palpable to call for an immediate remedy. It is, in their opinion, removable only "by an exemption going far beyond the present limits of actual local manufacture, and involving a sacrifice of revenue not absolutely necessary."

Limit of 32s and 20s for grey yarns.

182. Upon grounds virtually similar, the Commission advocates the maintenance of the limit of 32s mule and 20s water adopted for grey yarns in the Notification of 18th March 1878. Relying upon the well-ascertained facts that the Indian mills rarely make yarns even as fine as these numbers, that Indian cotton is sent to England to be spun into fine yarn for re-export back to India, and that the importations of fine yarn show no symptoms of decline, the Commissioners see no sufficient grounds for acceding, at a cost of about 35,000 *l.* per annum, to the proposal which has been put forward for exempting all yarns up to 36s water and 42s mule.

Government conclusions.

183. The Report of the Commission brings to light some important facts establishing the need for early action to relieve those imported goods which are exposed to local competition. In 1875, the Tariff Committee estimated at 40,000 *l.* the duty paid on imported coarse goods competing with local manufactures. The Commission now put the loss by exempting such goods at 20,000 *l.* in an ordinary year; in the year just expiring it will probably not exceed 13,000 *l.* In other words, one-half, or more, of this branch of the import trade existing in 1875 has disappeared. This decline further corroborates the statistics quoted by the Secretary of State, in paragraph 23 of his Despatch, dated 31st May 1876, from a letter of the Bombay Chamber of Commerce, showing the falling off in the imports of coarse goods in the years 1872 to 1874 compared with 1858 to 1860; and it gives additional weight to the conclusions drawn by him from the facts before him.

"Comparing," he said, "the average per year of 1858, 1859, and 1860, the three years immediately preceding the American War, with the average per year of the last three years, 1872, 1873, and 1874, we find the following decrease in each of these descriptions of cloth and yarns, viz.:—

T. cloths	381,111 pieces.
Long cloths	275,261 „
Domestics	170,699 „
Mule twist, above 20s and under 30s	528,418 lbs.
Mule twist, 20s and under	447,916 „
Water twist, 20s and under	1,126,739 „

"These figures conclusively show that, so far as the import trade of Bombay is concerned, a serious decline has taken place in this branch of trade during the period in question, but their significance is increased by the considerations urged in the following extracts from the letter of the Chamber:—

"It should be remembered that this absolute decrease has occurred, after a lapse of 14 years of profound peace and security, in cloth and yarns principally consumed by the poorer classes, whose condition, it is well known, has immensely improved from a variety of circumstances, and during which period railway communication throughout the country was yearly extending. In 1860, 836 miles of railway only were open in British India; in 1873, the number of miles of railway open had increased to 5,872. The progress of education, closer and more frequent contact with more advanced communities, and the wealth accumulated by the cotton cultivators throughout the Presidency during the American war and for several years subsequently, when the prices obtained showed enormous profits on the cost of production, combined to increase the demand for cloths and yarns of these descriptions to an extent far exceeding the demand which would have arisen at the ordinary rate of progress in ordinary years.

"The Chamber apprehend that, under the circumstances, a very great increase indeed in the present imports of low cloths and yarns over the imports of the years immediately preceding the American war would be necessary to show that the import duty has not been operating as a protective duty, unless experience proves, after the abolition of the import duty, that local mills are able to compete successfully on equal terms with the English manufacturers. As it is, it may be fairly assumed, however, that the duty is maintained at the expense of the consumers, principally the poorer classes, against whom it tells in this instance with particular hardship in a prime necessary such as clothing, and that it is injurious to the thousands of village handloom weavers throughout the country, who are prevented from using the English yarns, which they might prefer, and are compelled to pay a higher price for what they do use, in consequence of its operation."

Import trade in coarse goods lost.

184. The causes of this falling off in the imports of the coarser goods, and the effect attributable to the import duty have been differently appreciated by different authorities; but, although there has been a large increase in the importations of goods of finer quality, the fact is indisputable that a branch of the trade which was once important has now become insignificant.

Development of Bombay mills.

185. On the other hand, the Bombay mills have, during the last four years, not only increased their exports of yarn and piece-goods to foreign countries by 26 per cent. and 51 per cent. respectively, but have more than doubled their exports to other parts of India. It is shown in para. 25 of the Report of the Commission that the total value of these exports, which was 432,000*l.* in 1875-76, had risen to 945,000*l.* in 1877-78.

With fluctuations.

186. At the same time the prosperity of the Indian mills has not been unchequered. Last month, the Members of the Millowners' Association at Bombay resolved to close their mills for two days in the week, from 15th February to 15th April 1879, on the ground that the markets were overloaded with their manufactures. The quotation given below from the speech of the Honourable Morarjee Goculdas, who moved the resolution to the above effect, explains the circumstances of the case.*

Their success satisfactory.

187. The Government of India naturally view with much satisfaction the great expansion of local industry which has thus taken place, and the salutary outlets for capital and labour which it affords, and does not doubt that the depression

* The Honourable Morarjee Goculdas said: When, at the beginning of last year, we met to consider the advisability of adopting a resolution similar to that which I am now going to propose formally, I strongly urged the necessity of working our mills on short time, on account of the glut in the yarn and cloth markets. On that occasion I showed, with detailed facts and figures, how we were working at a disadvantage, compared with Manchester. It is not necessary for me to repeat the same here, but, as you may remember, it was then pointed out that the depressed state of trade and the interest of the mills demanded a diminished production, and that if we continued to work at the usual rate, the evils of over-production would soon make themselves felt, and end disastrously to the cause of the local mill industry. Unfortunately, although the proposition to put the mills on shorter hours was adopted by the larger part of the Members of this Association present at the meeting held in January 1878, yet it failed to enlist the sympathy of all those whom it concerned, and could not therefore be carried out to the desirable extent. Several mills did adopt the short-hour system, in accordance with the proposition passed at our meeting last year; but unwillingness was shown in the case of others, and so the movement practically fell through after some time. This want of hearty co-operation on the part of the representatives of all the mills naturally led to over-production, and the supply in the local market soon exceeded the demand. Hence the yarn and cloth which found no sale here were conveyed in large quantities to the up-country stations, where also the market has been overloaded, and we have now a good deal of stock to be yet moved off. The causes of this sad state of things are obvious; it has been brought about by circumstances both within and without our reach. The famine, as everybody knows, has told heavily on the consumption of our stock, and lessened the demand for cloths in this country. But while the demand has been since these three years diminishing, the supply has, on the other hand, very much increased. There has been a certain growth of spinning, weaving, and manufacturing industry amongst us, and what it ought to have taken about 20 years to bring the present large number of mills into existence, has been brought about in the short space of two or three years. It is not surprising that owing to this sudden increase in the number of our mills some of them should have to work at a loss. The natural consequence of this has been over-production, the evils of which we have failed to prevent in time by proper precautionary measures. The present depression of trade is, of course, not confined to this country, but is general throughout England and other countries on the European Continent, where competition and over-production have blighted the prospects of mill industry to a great extent. But the mill-owners of all those places have not remained quiet, but have taken and are taking steps to check the evil, and every English mail brings us reports of the adoption of the short-hour system and the reduction of wages in many countries of Europe. While such is the case, all our endeavours to guard our own interests have hitherto failed, and what has been the result of this inactivity? We hear of some mills working at a loss, and, as you know, nearly one-third of the local mill industry has, in the space of a few months, actually failed. Eight mills have already been put into liquidation, and two or three more are expected to go very soon. And if we go on overloading the market in the face of these discouraging circumstances, there is no doubt that we shall be simply ruining our prospects altogether. It is high time, therefore, that we should move at once in the matter and adopt such measures as would prevent the present evils of over-production from being aggravated by their continuance. * * My opinion, in fact, is, that we should all co-operate now more than ever in averting the evils by which our mill industry is threatened through different causes. I have briefly indicated the points in which that co-operation ought to be directed, and I hope they will meet with the unanimous approval of the Members of this Association. But we must make a beginning in the matter, and the best way to do it is by lessening our present rate of production. Seeing that the local and the up-country market has all been overloaded; seeing also that England and other countries of Europe are adopting the short-time system, and taking every precautionary measure against the depression from which their mill industry suffers; and seeing also that our own condition is in no way better, but even worse, as you may see from the recent failures amongst us, I believe it is a duty we owe to ourselves and the shareholders of our mills that we should unanimously carry out the proposal to put our mills on the short-time system of working for the present at least. I say unanimously, because it must be evident to all that without unanimity nothing can be done. If we show that individual Companies do not pay respect to the opinion of a large majority, we shall be simply lowering this body in the eyes of the public, and there would be little use in continuing an association for the purpose professedly of watching our interests. I therefore entreat you, gentlemen, to think over all this, and trust you will see the necessity of giving a practical effect to the resolution, which I now beg to propose:—"That, with the view of checking the great accumulation of stock during the present period of depression, the Members of the Association do agree to close their respective mills every Saturday and Sunday, from 15th February to 15th April 1879."

depression complained of will be temporary only. But such facts as those which have been stated show very plainly the duty incumbent on the Government of taking care that the great increase attained in the manufacture of cotton goods by the Indian mills is not fostered by defiance of the fundamental principles of British commercial policy, or by improper restrictions on other classes of Her Majesty's subjects.*

188. The Commission has considered, but only to reject them, three remedies alternative to that which, apart from financial considerations, it recommends. It is evident that to give a general exemption of all grey cloths of a certain texture, but to lower the limit to yarns No. 26, would be a retrograde and imperfect measure, by no means inexpensive, yet satisfying no one, and multiplying disputes. To add "chudders" and "dhoties" made of yarn, not exceeding 26s to the specified classes exempted under the Notification would be an amendment in harmony with the original intention of the Government, but it would give no real relief. To cancel the exemption already granted, and to make from year to year a small additional remission of the general rate of duty, is open, as the Commission points out, to the objection that it gives relief to those who are not in immediate need of it, while withholding it from those who are. **Alternative remedies.**

189. The general result, therefore, of the inquiry which has been held is that, on the one hand, the desirability of extending relief at the earliest practicable date to the suffering branches of the import trade in cotton goods is amply demonstrated. On the other hand, it is equally clear that an amount of relief sufficient, for a time at least, to remove the more urgent and immediate causes of complaint, could be afforded at an annual cost, the estimate of which is admittedly of a vague description, but which ranges from 150,000*l.* to upwards of 200,000*l.* It may safely be assumed that it will not, for the present, exceed the smaller sum. **Relief urgently wanted.** **Its cost.**

190. The Governor General in Council considers that the facts reported by the Commission and those which have now been stated show conclusively that adherence to the tentative measures of last year is not possible. It is not reasonable that certain goods should be admitted free, while large quantities of goods of almost precisely the same character in everything but name, remain liable to duty. No measure falling short of the exemption from duty of all cotton goods containing no yarn finer than 30s can be defended, and this measure can no longer be delayed. Its adoption will, for the present at least, remove the directly protective character of these duties. It will be in accordance with the views of the Special Commission; with those stated by the Bengal Chamber of Commerce, in their letter to the Government of India, dated the 17th April 1878;* and with the recommendations of the Manchester Chamber of Commerce made on the 27th March 1878,† and of the Bombay Chamber of Commerce made on the 4th instant.‡ For the reasons stated by the Commission, the Governor General in Council does not think it necessary at present to make any change in regard to the duty on yarns. A Notification has accordingly now been published exempting from import duty all cotton goods containing no yarn of a higher number than 30s. **Government decision.**

* *See* page 28.
† *See* page 14.
‡ *See* para. 179 of this statement.

191. There will still remain, as the Commission has pointed out in paragraph 18 of its Report, "the indirect protection alluded to in last year's Financial **Indirect protection will still remain.**

* The following passage, quoted from a letter addressed on the 6th of July 1877, by Mr. Raynsford Jackson to the Marquis of Salisbury, deserves consideration in connection with the statements made in regard to the over-supply by the Indian mills of the demand for the coarser qualities of goods:—"These facts may be accepted as proving that there is a real competition between the productions of the English and Indian mills for the supply of coarse goods to India.

"As regards the medium class of goods which compose nearly two-thirds of our Indian exports, I admit that the Indian mills are not at present making them extensively, the reason being that they are fully employed in manufacturing the coarser fabrics, on which the transit charges and the duty tell the most heavily in favour of the Native manufacturer and against the importer. Their power to make these goods out of indigenous cotton has, however, been proved, and samples so made have been exhibited in England.

"The English manufacturers, moreover, produced the medium, or shirting, class of goods out of Indian cotton without admixture of other growths, during the American war; and I have no hesitation in saying that when the factory industry of India has so extended as to over-supply the demand for coarse fabrics, the native manufacturer will supplant the British in the supply of the Indian markets with the finer goods.

"It is not unimportant that the same opinion has recently been given by an Indian manufacturer interested in more than one Indian mill."

Financial Statement which enables the Indian-made coarse goods to displace, by their cheapness or other qualities, finer cloths imported." The facts stated by the Commission show distinctly that this indirect protection cannot be overlooked; but they show, at the same time, the great difficulty of dealing with it by any measure short of the abolition of the duty on all kinds of grey piece goods. Financial considerations render it impossible for the Government of India to deal with this part of the question at the present time. By abolishing the import duty on all goods in respect of which there is any actual competition between English and Indian mills, and thus removing the directly protective character of the duty, the Governor General in Council has done all that is now practicable.

Loss of 150,000 *l.* revenue.

192. Although the amount of revenue surrendered in the coming year by the measure thus announced is not likely to exceed 150,000 *l.*, the Governor General in Council does not underrate the importance of the step, taken, as it will be, when no surplus of revenue over expenditure is expected; but the Estimates show a deficit, and when the arrangements by which it was hoped that protection against famine would, so far as was possible, be secured for the country, have for the time failed to produce the desired effect.

Accepted notwithstanding deficit.

193. The pledges given from time to time in regard to the gradual removal of the duties on cotton goods, have always been made subject to the condition that their fulfilment must depend on the position of the Indian finances. It certainly cannot now be asserted, in the face of the great and increasing loss occasioned by the fall in the value of silver in relation to gold, that the financial condition of India is satisfactory; although every branch of the public revenue is prosperous, and, with the exception which has been mentioned, no fresh causes for financial anxiety are apparent.

War.

194. In saying this, the Governor General in Council is not unmindful of the fact that India is still engaged in the prosecution of war. He cannot, however, recognise in this fact any reason whatever for the postponement of a necessary fiscal reform. The consideration of Her Majesty's Government will, he trusts, enable India, not indeed to throw off her just liability for the charges of a necessary war undertaken for the protection of her own interests, but to meet those charges in a way which will throw no serious burden on her resources.

And fall of exchange.

195. The real question which the Governor General in Council has had to consider is this:—Ought the Government to look upon the fresh financial difficulties arising from the fall in the exchange as a sufficient reason for refusing to sanction any further remission in the duty on cotton goods? And this question, his Excellency in Council considered, must be answered in the negative. The injury and loss which these duties are causing both to the English producer and to the Indian consumer, and to the true interests of Indian commerce and manufactures, are certain. Measures which, for the present at least, will almost completely remove the protective, and, therefore, the most objectionable, feature in these duties, can be taken without surrendering any very considerable amount of revenue. The difficulties caused by the increased loss by exchange are great, but they will not practically be aggravated to an appreciable extent by the loss of 200,000 *l.* If the fresh fall in the exchange should prove to be temporary, such a loss will possess slight importance. If, on the other hand, the loss by exchange does not diminish, and no other remedies can be applied, it will become necessary to take measures of a most serious nature for the improvement of the financial position; but the retention of the import duties on cotton goods will not thereby be rendered possible. On the contrary, such retention will become more difficult than ever.

Injury and loss caused by duties.

Principles of Indian commercial taxation.

196. The principles by which the action of the Government of India are guided in regard to the commercial taxation of India were explained in the Financial Statement for 1878-79, and it is desirable that they should now be repeated:—

"The principles on which the Customs legislation of the United Kingdom has been based are now admitted axioms by all who recognise the theoretic advantages of free trade. They must be regarded as a part of the national policy which Great Britain has finally

finally adopted, and which the Secretary of State for India, with the deliberate approval of the House of Commons, has required the Government of India in this country to carry out.

These principles are, as regards imports,—

1. That no duty should exist which affords protection to native industry, and, as a corollary, that no duty should be applied to any article which can be produced at home, without an equivalent duty of excise on the home production; also, that no duty should be levied except for purely fiscal purposes;

2. That, as far as possible, the raw materials of industry and articles contributing to production should be exempt from Customs taxation;

3. That duties should be applied only to articles which yield a revenue of sufficient importance to justify the interference with trade involved by the machinery of collection.

As regards exports: that duties should be levied on those commodities only in which the exporting country has practically a monopoly of production.

These principles are of general application, but in the case of India, they possess a peculiar significance. India is a country of unbounded material resources, but her people are a poor people. Its characteristics are great power of production, but almost total absence of accumulated capital. On this account alone the prosperity of the country essentially depends on its being able to secure a large and favourable outlet for its surplus produce. But there is a special feature in the economic conditions of India which renders this a matter of yet more pressing, and even of vital, importance; this is the fact that her connection with England, and the financial results of that connection, compel her to send to Europe every year about 20 millions sterling worth of her products without receiving in return any direct commercial equivalent. It is this excess of exports over imports which, in the language of the economists, is described as tribute. It is really the return for the foreign capital, in its broadest sense, which is invested in India, including under capital not only money, but all advantages which have to be paid for, such as the intelligence, strength, and energy, on which good administration and commercial prosperity depend. From these causes, the trade of India is in an abnormal position, preventing her receiving, in the shape of imported merchandise and treasure, the full commercial benefit which otherwise would spring from her vast material resources.

The comparatively undeveloped condition of the trade of India may be illustrated by the following figures. The value of the imports and exports taken together per head of the population is in the United Kingdom about 20 *l.* In British India it is about 10 *s.* The Customs revenue on the few articles now retained in the import tariff of the United Kingdom is about 12 *s.* per head, while that of India, on all the articles of its lengthy tariff, is about 3 *d.*, showing that small as is the proportion of the foreign trade of India to that of England, the proportion of Customs revenue derived from it is smaller still.

Here then is a country which, both from its poverty, the primitive and monotonous condition of its industrial life, and the peculiar character of its political condition, seems to require from its Government, before all things, the most economical treatment of its resources, and, therefore, the greatest possible freedom in its foreign exchanges."

Do not admit of retention of duties.

197. Not only are these principles totally inconsistent with the permanent maintenance of protective duties, but, as has just been observed, they add to the difficulty of defending even the temporary maintenance of such duties, in the face of the profound disturbance caused by the change in the relative value of gold and silver.

Effect of fall in exchange.

198. It has been urged by some high authorities that, in its effect upon the import trade of India, a fall in exchange is almost equivalent to an import duty of corresponding amount; and that, while the direct effect of the low exchange is to stimulate the export trade, an opposite influence is produced on imports. Other high authorities dispute the accuracy of this view, and the Government of India does not now desire to discuss this part of the subject. If, however, there be one fact in connection with these most difficult questions regarding which there can be no possibility of doubt, it appears to the Governor General in Council to be this:—The effects which a great fall in the exchange value of the rupee must produce on the trade of India; on the prosperity of the people; on the means at the disposal of the Government for meeting its obligations; on the necessity which may arise of imposing fresh taxation to meet the increased liabilities of the State; all these are questions which will be variously appreciated; but one thing at least is certain; under abnormal economic conditions such as those now existing, everything which interferes with the natural operations of trade, everything which imposes artificial restrictions, or gives artificial advantages, cannot fail to be mischievous.

Remission of cotton duties in harmony with political as well as economic reasons.

199. It is of course true that such questions as these cannot wisely be settled on economic grounds alone; but, in the present case, the Governor General in Council is satisfied that the political are fully as weighty as the economic reasons

reasons for the removal of the duties now under consideration. As observed by the Secretary of State, these duties place "two manufacturing communities, upon whose well-being the prosperity of the Empire largely depends in a position not only of competition, but of political hostility to each other.

* * The impost is too much at variance with the declared policy of this country to be permanently upheld; but, if the task of dealing with it be long postponed, it will be the subject of controversy between interests far more powerful and embittered than those that are contending over it at the present time." "I will not dwell again at length," the Secretary of State wrote in another despatch, "upon the political reasons which furnish, in my judgment, the weightiest arguments in favour of the course which I have urged upon your Excellency's Government. I need hardly insist further upon the danger of keeping open between two great communities of Her Majesty's subjects an irritating controversy which can be closed by one, and only one solution. It is difficult to overstate the evil of permitting an industry so large as the cotton manufacture in India is certain to become, to grow up under the influence of a system which a wide experience has proved to be unsound, and which is opposed to the deliberate policy of England, nor can I view without serious apprehension, unless it should be the result of natural causes, the gradual contraction of a trade which constitutes one of the strongest bands of material union between England and India."

And otherwise inevitable.

200. In thus ascribing great weight to the political reasons for the removal of these duties, the Government of India desires that its motive may not be misunderstood. It is not, for the sake of averting an embittered controversy, yielding anything which it would otherwise be unwilling to concede. The impossibility of maintaining protective duties is indisputable and obvious. Such duties must, sooner or later, inevitably be removed wherever they are to be found. The existing duties on a great variety of articles comprised in the Indian tariff are, as was shown in the Financial Statement for last year, undoubtedly protective; and they are constantly becoming more so, as the industrial and manufacturing resources of India develop. But the removal of protective duties must necessarily be a work of time, dependent on the state of the finances and on the expedients which can be devised for replacing the revenue lost. The Government of India deems it right to begin by a single measure of relief which will at once and directly reach one great and important branch of manufacturing industry, rather than by spreading its exemptions over a large area in which their effect, though not lost, might be ill-defined and uncertain.

Reform accomplished.

201. The measure now announced has been adopted in the sincere belief that it is required by the true interests of the people of India. The late Viceroy, the Earl of Northbrook, declared that "in all financial questions those interests are the only considerations which the Government of India has to regard." The Governor General in Council unreservedly repeats that declaration. This measure will be a serious step towards the fulfilment of the pledges repeatedly given by the Secretary of State and by the Government of India, pledges which received the strongest possible confirmation from the Resolution adopted by the House of Commons on the 11th July 1877, without a division:—

Resolution of Parliament obeyed.

"That in the opinion of this House, the duties now levied upon cotton manufactures imported into India, being protective in their nature, are contrary to sound commercial policy, and ought to be repealed without delay so soon as the financial condition of India will admit."

Revised tariff valuations.

202. The Tariff Commission has also completed its inquiries regarding revised valuations and the other matters, which, as shown by the instructions, published in Paper No. 10, have been referred to it; and on the result of these further inquiries the Commission has submitted a second report which, with one exception, there has not been time to consider in detail.

Present valuations too high.

203. There has been no general revision of the present Tariff Valuations since August 1875, and it has been urged upon the Government by the Chambers of Commerce and others that in many instances these valuations are much above the current market rates, a statement which receives remarkable confirmation from the prices quoted. The facts are, in short, indisputable, and it

it is obviously incumbent on the Government to correct errors of this kind, the practical effect of which is to increase the Customs duties beyond the amounts authorised by law.

Valuations reduced.

204. The Governor General in Council has, accordingly, resolved to sanction at once the valuations recommended by the Commission, and they will come into effect from the 1st April next. A Notification carrying out this decision has now been published.

Cost of this measure.

205. The net decrease of duty consequent on this measure has been estimated by the Commission at 54,424 *l.*, of which 42,926 *l.* is on account of cotton goods. The exemption from duty of grey goods made of yarn of 30s and under will reduce the total loss from the revised tariff valuations by 11,500 *l.*, and the actual net estimated loss will be 42,000 *l.* In accordance with the advice of the Commission and of the Calcutta and Bombay Chambers of Commerce, it is the intention of the Government that the tariff valuations should in future be revised annually.

— No. 14. —

Government of India—Financial Department—Separate Revenue—(Customs.) (No. 3 of 1879.)

To the Right Honourable Viscount *Cranbrook*, Her Majesty's Secretary of State for India.

My Lord, Fort William, 13 March 1879.

YOUR Lordship will observe, from the Financial Statement for 1879-80, forwarded with our Despatch, No. 87 A. (Financial) of this date, that a Notification has been issued exempting from Customs duty all imported cotton goods containing no yarn finer than 30s.

2. A majority of the Council, consisting of Sir Alexander Arbuthnot, Sir Andrew Clarke, Mr. Whitley Stokes, and Mr. Rivers Thompson, did not concur in the propriety of this measure. It was supported by Sir John Strachey and Sir Edwin Johnson.

3. His Excellency the Viceroy and Governor General, being of opinion that the proposed measure was one "whereby the interests of British India are essentially affected," and that the measure should be adopted and carried into execution, has, under the authority vested in him by Act 33 Vict. c. 3, s. 5, given orders to that effect.

4. It is the intention of the dissentient Members of the Council to record Minutes explaining the reasons of their dissent, and these Minutes will be sent to your Lordship with the least possible delay.

5. The reasons which have satisfied His Excellency and the minority of the Council that the measure in question ought to be adopted, have been stated in the Financial Statement for the coming year.

We have, &c.

(signed) *Lytton.*
„ *A. J. Arbuthnot.*
„ *A. Clarke.*
„ *J. Strachey.*
„ *E. B. Johnson.*
„ *W. Stokes.*
„ *A. Rivers Thompson.*

EAST INDIA (TARIFF).

FURTHER PAPERS relating to the IMPORT DUTIES upon COTTON GOODS and to other ARTICLES in the TARIFF of INDIA (in continuation of the Parliamentary Papers of Session 1876).

(*Mr. Edward Stanhope.*)

Ordered, by The House of Commons, *to be Printed,*
24 *June* 1879.

Under 4 *oz.*

EAST INDIA (LOANS RAISED IN INDIA).

43.

RETURN of all LOANS raised in *India*, chargeable on the REVENUES of *India*, outstanding at the Commencement of the Half-year ending on the 30th September 1878, with the Rates of Interest and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the Public Convenience will allow, the Purpose or Service for which Moneys have been raised during the Half-year.

DESCRIPTION OF LOAN.	RATE OF INTEREST.	One Half-year's Interest on the Amount of Debt outstanding on 1 April 1878.	DATE OF TERMINATION OF LOAN.	Amount of Debt outstanding on 1 April 1878.	Amount of Debt incurred during the Half-year ended 30 September 1878.	Moneys raised during the Half-year ended 30 September 1878.	TOTAL.	Amount of Debt paid off or discharged during the Half-year ended 30 September 1878.	Amount of Debt outstanding on 30 September 1878.
LOANS BEARING INTEREST.		£.		£.	£.	£.	£.	£.	£.
Loan of 1859–60	5½ per cent.	270,742	Not before 1 May 1879	9,845,170	-	-	9,845,170	1,670,079	8,175,091
Transfer Loan of 1870	4½ per cent.	41,305	Not before 15 July 1885	1,835,790	-	-	1,835,790	-	1,835,790
Transfer Loan of 1871	4½ per cent.	4,993	Not before 4 July 1881; falls to 4 per cent. on that date.	221,900	-	-	221,900	-	221,900
Transfer Loan of 1872	4½ per cent.	278,823	Not before 16 January 1882; falls to 4 per cent. on 16 January 1879.	12,392,130	-	-	12,392,130	-	12,392,130
Loan of 1878	4½ per cent.	-	Not before 15 September 1892	-	2,496,700	*2,457,435	2,496,700	-	2,496,700
Transfer Loan of 1879, 4½ per Cent. portion	4½ per cent.	-		-	1,655,559	-	1,655,559	500	1,655,059
Transfer Loan of 1879, 7 *s.* sterling per Cent. portion	7 *s.* per cent. per annum.	-		-	15,020	-	15,020	-	15,020
Loan of 1824–25	4 per cent.	636	3 months after notice by Government	31,797	-	-	31,797	-	31,797
Loan of 1828–29	4 per cent.	174		8,724	-	-	8,724	-	8,724
Loan of 1832–33	4 per cent.	24,332		1,216,608	-	-	1,216,608	15,630	1,200,978
Loan of 1835–36	4 per cent.	59,762		2,988,130	-	-	2,988,130	42,390	2,945,740
Loan of 1842–43	4 per cent.	354,242		†17,712,136	64,810	-	17,776,946	77,700	17,699,246
Loan of 1854–55	4 per cent.	127,411		6,370,570	-	-	6,370,570	84,350	6,286,220
Transfer Loan of 1 May 1865	4 per cent.	353,587		17,679,360	195,110	-	17,874,470	13,250	17,861,220
Transfer Loan of 22 April 1854	4 per cent.	24,613	15 months after notice by Government	1,230,666	-	-	1,230,666	-	[redacted]
Loan of 1853–54	3½ per cent.	1,141	3 months after notice by Government	65,200	-	-	65,200	-	[redacted]
Railway Loan from Maharajah Holkar	4½ per cent.	22,500	No date specified	1,000,000	-	-	1,000,000	-	[redacted]
Debenture Loan of 1867–68	5 per cent.	15,008	1 June 1882	600,300	-	-	600,300	-	[redacted]
Promissory Notes for Mysore Family	4 per cent.	4,159	No date specified	207,969	-	-	207,969	26,757	181,212
Railway Loan from Maharajah Scindia	4 per cent.	30,000	- - ditto	1,500,000	-	-	1,500,000	-	1,500,000
		1,613,428	TOTAL DEBT IN INDIA bearing Interest - £.	†74,906,150	4,427,199	*2,457,435*	79,333,649	1,930,656	77,402,993
*** LOANS NOT BEARING INTEREST.**									
5 per Cent. Debenture Loan of 1867–68			1 June 1877	4,800	-	-	4,800	1,500	3,300
5 per Cent. Loan of 1856–57			- - - - - - - -	19,760	-	-	19,760	450	19,310
5 per Cent. Loan of 1825–26			- - - - - - - -	6,240	-	-	6,240	-	6,240
5 per Cent. Loan of 1841–42			Already advertised for payment	1,590	-	-	1,590	-	1,590
5 per Cent. Loan of 1854–55 for Public Works			- - - - - - - -	6,400	-	-	6,400	450	5,950
Treasury Bills at 2½ pie per cent. per diem			- - - - - - - -	9,280	-	-	9,280	-	9,280
			TOTAL DEBT IN INDIA not bearing Interest - £.	48,070	-	-	48,070	2,400	45,670
			TOTAL DEBT IN INDIA - £.	†74,954,220	4,427,199	*2,457,435*	79,381,719	1,933,056	77,448,663

* For Public Works Extraordinary.

† The difference of 484 *l.*, as compared with the balance shown in the last statement, is due to an expected adjustment not having been made.

‡ Includes amount held in England.

Comptroller General's Office, Calcutta,
6 December 1878.

W. Waterfield, Officiating Comptroller General.

Edward Stanhope,
Under Secretary of State.

EAST INDIA (LOANS RAISED IN INDIA).

RETURN of all Loans raised in *India*, chargeable on the Revenues of *India*, outstanding at the Commencement of the Half-year ending on the 30th September 1878, with the Rates of Interest and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the Public Convenience will allow, the Purpose or Service for which Moneys have been raised during the Half-year.

(*Presented pursuant to Act* 40 & 41 *Vict. c.* 51.)

Ordered, by The House of Commons, *to be Printed*,
14 *February* 1879.

252.

EAST INDIA (LOANS RAISED IN INDIA).

RETURN of all LOANS raised in *India*, chargeable on the REVENUES of *India*, outstanding at the Commencement of the Half-year ending on the 31st March 1879, with the Rates of Interest and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the Public Convenience will allow, the Purpose or Service for which Moneys have been raised during the Half-year.

DESCRIPTION OF LOANS.	RATE OF INTEREST.	One Half-year's Interest on the Amount of Debt outstanding on 1 October 1878.	DATE OF TERMINATION OF LOAN.	Amount of Loan outstanding on 1 October 1878.	Amount of Debt incurred during the Half-year ending on 31 March 1879.	Moneys raised during the Half-year ended 31 March 1879.	Transferred from other Loans.	TOTAL.	Amount of Debt paid off or discharged during the Half-year ended 31 March 1879.	Transferred to other Loans.	Amount of Debt outstanding on 31 March 1879.
LOANS BEARING INTEREST.		£.		£.	£.	£.	£.	£.	£.	£.	£.
Loan of 1859-60	5½ per cent.	224,815	Not before 1 May 1879	8,175,091	100	-	300	8,175,491	2,000	6,552,374	1,621,117
Transfer Loan of 1870	4½ „	41,305	Not before 15 July 1885	1,835,790	-	-	-	1,835,790	-	-	1,835,790
Transfer Loan of 1871	4½ „	4,993	Not before 4 July 1881; falls to 4 per cent. on that date.	221,900	-	-	-	221,900	-	-	221,900
Transfer Loan of 1872	4½ „	278,823	Not before 16 January 1882; falls to 4 cent. on 16 January 1879.	12,392,130	-	-	-	12,392,130	-	12,392,130	—
Loan of 1878	4½ „	56,176	Not before 15 September 1893	2,496,700	3,300	3,270	-	2,500,000	-	153,250	2,346,750
Transfer Loan of 1879, 4½ per cent. portion	4½ „	37,239	- - ditto - - ditto	1,655,059	1,393,460	*1,388,267	6,696,424	9,744,943	-	500	9,744,443
Transfer Loan of 1879, 7 *s.* sterling per cent. portion.	7 *s.* per cent. per annum.	300	- - ditto - - ditto	15,020	-	-	9,400	24,420	-	-	24,420
Loan of 1824-25	4 per cent.	636	No date specified, but on 3 months' notice by Government.	31,797	-	-	-	31,797	-	-	31,797
Loan of 1828-29	4 „	174	- - ditto - - ditto	8,724	-	-	-	8,724	-	-	8,724
Loan of 1832-33	4 „	24,020	- - ditto - - ditto	1,200,978	-	-	-	1,200,978	74	20,214	1,180,690
Loan of 1835-36	4 „	58,915	- - ditto - - ditto	2,945,740	-	-	-	2,945,740	-	33,750	2,911,990
Loan of 1842-43	4 „	353,985	- - ditto - - ditto	17,699,246	100	-	3,070	17,702,416	-	67,340	17,635,076
Loan of 1854-55	4 „	125,724	- - ditto - - ditto	6,286,220	-	-	150	6,286,370	-	29,460	6,256,910
Transfer Loan of 1 May 1865	4 „	357,225	- - ditto - - ditto	17,861,220	13	18	172,494	18,033,727	-	2,000	18,031,727
Transfer Loan of 22 April 1854	4 „	24,613	15 months after notice by Government	1,230,666	-	-	-	1,230,666	-	-	1,230,666
Loan of 1853-54	3½ „	1,141	3 months after notice by Government	65,200	-	-	-	65,200	-	-	65,200
Railway Loan from Maharajah Holkar	4½ „	22,500	No date specified	1,000,000	-	-	-	1,000,000	-	-	1,000,000
Debenture Loan of 1867-68	5 „	15,007	1 June 1882	600,300	-	-	-	600,300	-	-	600,300
Promissory Notes for Mysore Family	4 „	3,624	No date specified	181,212	-	-	-	181,212	36	22,950	158,226
Railway Loan from Maharajah Scindia	4 „	30,000	- - ditto	1,500,000	-	-	-	1,500,000	-	-	1,500,000
Reduced Loan of 16 January 1879	4 „	- -	16 January 1882	- -	-	-	12,392,130	12,392,130	-	-	12,392,130
		1,661,215	TOTAL DEBT IN INDIA bearing Interest - £.	77,402,993	1,396,973	1,391,550	19,273,968	98,073,934	2,110	19,273,968	78,797,856
LOANS NOT BEARING INTEREST.											
5 per Cent. Loan of 1825-26				6,240	-	-	-	6,240	-	-	6,240
5 per Cent. Loan of 1841-42				1,590	-	-	-	1,590	-	-	1,590
5 per Cent. Loan of 1854-55 for Public Works				5,950	-	-	-	5,950	-	-	5,950
5 per Cent. Loan of 1856-57			Ordered to be paid off	19,310	-	-	-	19,310	4,600	-	14,710
5 per Cent. Debenture Loan of 1867-68 (repayable 1 June 1877).				3,300	-	-	-	3,300	-	-	3,300
Treasury Bills at 2½ pie per cent. per diem				9,280	-	-	-	9,280	-	-	9,280
			TOTAL DEBT IN INDIA not bearing Interest £.	45,670	-	-	-	45,670	4,600	-	41,070
			TOTAL DEBT IN INDIA - £.	77,448,663	1,396,973	1,391,550	19,273,968	98,119,604	6,710	19,273,968	78,838,926

* For balance of 5½ per Cent. Loan paid off.

Comptroller General's Office, Calcutta,
3 June 1879.

W. Waterfield, Officiating Comptroller General.

Edward Stanhope,
Under Secretary of State.

EAST INDIA (LOANS RAISED IN INDIA).

RETURN of all Loans raised in *India*, chargeable on the Revenues of *India*, outstanding at the Commencement of the Half-year ending on the 31st March 1879, with the Rates of Interest and Total Amount payable thereon, and the Date of the Termination of each Loan, the Debt incurred during the Half-year, the Moneys raised thereby during the Half-year, the Loans paid off or discharged during the Half-year, and the Loans outstanding at the Close of the Half-year, stating, so far as the Public Convenience will allow, the Purpose or Service for which Moneys have been raised during the Half-year.

(*Presented pursuant to Act* 40 & 41 *Vict. c.* 51.)

Ordered, by The House of Commons, *to be Printed*,
30 *June* 1879.

EAST INDIA (LIABILITIES IN INDIA).

RETURN of all STOCKS, LOANS, DEBTS, and LIABILITIES in *India*, Chargeable on the REVENUES of *India*, at the Close of the Half-year ending on the 31st March 1879, with Rates and Amount of Interest, showing the Changes which have taken place in the Half-year in respect to the Debts Incurred and Paid off or Discharged.

India Office,
27 June 1879.

EDWARD STANHOPE,
Under Secretary of State.

ABSTRACT STATEMENT of all STOCKS, LOANS, DEBTS, and LIABILITIES in *India*, Chargeable on the REVENUES of *India*, on the 31st March 1879, so far as at present ascertained.

NAME OF PROVINCE.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 30th September 1878.	Amount of Loans, Debts, &c., on 30th September 1878.	Debt incurred in the Half-year ending the 31st March 1879.	TOTAL of the two preceding Columns.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 31st March 1879.
		£.	£.	£.	£.	£.	£.
GOVERNMENT OF INDIA—GENERAL AND POLITICAL.	*Vide* details	1,772,466	83,326,705	- -	- -	- -	84,741,210
CENTRAL PROVINCES	ditto	529	247,211	- -	- -	- -	277,208
BRITISH BURMA	ditto	243	221,840	- -	- -	- -	274,106
ASSAM	ditto	267	105,598	- -	- -	- -	136,560
BENGAL	ditto	7,026	2,536,039	- -	- -	- -	3,115,110
NORTH WESTERN PROVINCES AND OUDH.	ditto	1,751	1,016,985	- -	- -	- -	1,546,522
PUNJAB	ditto	782	422,721	- -	- -	- -	517,905
MADRAS	ditto	29,212	2,312,653	- -	- -	- -	2,343,252
BOMBAY	ditto	50,832	2,883,880	- -	- -	- -	3,258,884
PUBLIC WORKS DEPARTMENT	ditto	- -	259,935	- -	- -	- -	349,518
TOTAL	£.	1,863,108	93,333,567	- -	- -	- -	96,560,275

Comptroller General's Office, Calcutta,
3 June 1879.

W. Waterfield, Officiating Comptroller General.

DETAILED STATEMENT of all STOCKS, LOANS, DEBTS, and LIABILITIES in *India*, Chargeable on the REVENUES of *India*, on the 31st March 1879, so far as at present ascertained.

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 30th September 1878.	Amount of Loans, Debts, &c., on 30th September 1878.	Debt incurred in Half-year ending 31st March 1879, including Transfers from one Loan to another.	TOTAL of the two preceding Columns.	Debt Paid off in the Half-year, including Transfers from one Loan to another.	Amount of Loans, Debts, &c., on 31st March 1879.
GOVERNMENT OF INDIA—GENERAL AND POLITICAL:							
REGISTERED DEBT:		£.	£.	£.	£.	£.	£.
Loan of 1859–60	5½ per cent.	224,815	8,175,091	400	8,175,491	6,554,374	1,621,117
Transfer Loan of 1870	4½ „	41,305	1,835,790	- -	1,835,790	- -	1,835,790
„ „ 1871	4½ „	4,993	221,900	- -	221,900	- -	221,900
„ „ 1872	4½ „	278,823	12,392,130	- -	12,392,130	12,392,130	—
Loan of 1878	4½ „	56,176	2,496,700	3,300	2,500,000	153,250	2,346,750
Transfer Loan of 1879, 4½ per cent. portion.	4½ „	37,239	1,655,059	8,089,884	9,744,943	500	9,744,443
Transfer Loan of 1879, 7 *s.* per cent. portion	7 *s.* per cent. per annum	300	15,020	9,400	24,420	- -	24,420
Loan of 1824–5	4 per cent.	636	31,797	- -	31,797	- -	31,797
„ 1828–9	4 „	174	8,724	- -	8,724	- -	8,724
„ 1832–3	4 „	24,020	1,200,978	- -	1,200,978	20,288	1,180,690
„ 1835–6	4 „	58,915	2,945,740	- -	2,945,740	33,750	2,911,990
„ 1842–3	4 „	353,985	17,699,246	3,170	17,702,416	67,340	17,635,076
„ 1854–5	4 „	125,724	6,286,220	150	6,286,370	29,460	6,256,910
Transfer Loan of 1st May 1865	4 „	357,225	17,861,220	172,507	18,033,727	2,000	18,031,727
Transfer Loan of 22nd April 1854	4 „	24,613	1,230,666	- -	1,230,666	- -	1,230,666
Reduced Four per Cent. Loan of 16th January 1879.	4 „	- -	- -	12,392,130	12,392,130	- -	12,392,130
Loan of 1853–4	3½ „	1,141	65,200	- -	65,200	- -	65,200
Railway Loan from Maharajah Holkar	4½ „	22,500	1,000,000	- -	1,000,000	- -	1,000,000
Debenture Loan of 1867–8	5 „	15,007	600,300	- -	600,300	- -	600,300
Promissory Notes for Mysore Family	4 „	3,624	181,212	- -	181,212	22,986	158,226
Railway Loan from Maharajah Scindia	4 „	30,000	1,500,000	- -	1,500,000	- -	1,500,000
5 per Cent. Loan of 1825–6	Ordered to be paid off; bear no interest	- -	6,240	- -	6,240	- -	6,240
5 „ „ 1841–2		- -	1,590	- -	1,590	- -	1,590
5 „ „ 1854–5 for Public Works.		- -	5,950	- -	5,950	- -	5,950
5 „ „ 1856–7		- -	19,310	- -	19,310	4,600	14,710
5 „ Debenture Loan of 1867–8, repayable 1st June 1877.		- -	3,300	- -	3,300	- -	3,300
Treasury Bills at 2½ pie per Cent. per diem.		- -	9,280	- -	9,280	- -	9,280
TOTAL Registered Debt	£.	1,661,215	77,448,663	20,670,941	98,119,604	19,280,678	78,838,926
LOANS:							
Loan from the late King of Oudh	6 per cent.	10,822	360,724	- -	360,724	- -	360,724
Ditto - ditto - ditto	5 „	29,800	1,192,000	- -	1,192,000	- -	1,192,000
Perpetual Loan from the late King of Oudh.	4 „	3,400	170,000	- -	170,000	- -	170,000
Charity Fund of the late King of Oudh	4 „	600	30,000	- -	30,000	- -	30,000
Loan from Rajah Kalisankar Ghosal	5 „	120	4,800	- -	4,800	- -	4,800
Promissory Notes issued to the Prize Agents for the Captors of Java.	6 „	1,030	34,348	- -	34,348	- -	34,348
Book Debt Loan on account of Madho Rao	4 „	1,336	66,800	- -	66,800	- -	66,800
Temporary Loans	various rates	- -	1,222	400,000	401,222	401,222	—
TOTAL Loans	£.	47,108	1,859,894	400,000	2,259,894	401,222	1,858,672
TREASURY NOTES:							
Treasury Notes on account of Service Funds (Civil Fund).	4 per cent.(*a*)	17,586	879,305	27,028	906,333	43,854	862,479(*a*)
Treasury Notes on account of Soldiers' Savings Bank Deposits.	4 „	5	250	- -	250	- -	250
Treasury Notes on account of Bhonsla Family Temples.	5 „	842	33,670	- -	33,670	- -	33,670
TOTAL Treasury Notes	£.	18,433	913,225	27,028	940,253	43,854	896,399

(*a*) In addition to this, another 4 per cent. is paid as donation, and charged to Grant 28, Superannuation, &c. Allowances.

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 30th September 1878.	Amount of Loans, Debts, &c., on 30th September 1878.	Debt incurred in Half-year ending 31st March 1879.	TOTAL of the two preceding Columns.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 31st March 1879.
GOVERNMENT OF INDIA—GENERAL AND POLITICAL—*continued.*		£.	£.	£.	£.	£.	£.
SERVICE FUNDS:							
Civil Fund	4 per cent.(a)	1,226	61,279	81,801	143,080	46,008	97,072
Civil Fund, under Rules of 1st January 1850	5 „	13,600	543,987	13,810	557,797	4,482	553,315
Uncovenanted Service Family Pension Fund	6 „	17,235	574,518	66,732	641,250	25,317	615,933
Uncovenanted Service Family Pension Fund (Provident Branch, Deferred Annuities).	3¾ „	11	583	145	728	598	130
Uncovenanted Service Family Pension Fund (Insurance Fund).	Ordered for payment.	- -	14	- -	14	- -	14
Nujeebs and Approvers' Fund	4½ per cent.	4	174	8	182	4	178
TOTAL Service Funds £.		32,076	1,180,555	162,496	1,343,051	76,409	1,266,642
BILLS PAYABLE:							
Supply Bills	Bearing no interest.	- -	1,769	22,433	24,202	23,007	1,195
Remittance Transfer Receipts	- ditto -	- -	5,773	16,189	21,962	17,711	4,251
Bills payable, Port Blair	- ditto -	- -	471	7,460	7,931	7,359	572
Money Orders payable	- ditto -	- -	1,111	411,585	412,696	406,141	6,555
Unpaid Cheques of the Public Works Department.	- ditto -	- -	15,066	—	—	—	—
Bills drawn by the Secretary of State outstanding.	- ditto -	- -	956,910	5,487,855	6,444,765	5,695,410	749,355
TOTAL Bills payable £.		- -	981,100	- -	- -	- -	761,928
DEPOSITS AND MISCELLANEOUS:							
General Deposits	Bearing no interest.	- -	24,423	70,045	94,468	80,277	14,191
Civil Courts' Deposits	- ditto -	- -	601	3,834	4,435	4,119	316
Criminal Courts' Deposits	- ditto -	- -	360	1,153	1,513	859	654
Judicial Deposits, Port Blair	- ditto -	- -	215	7	222	100	122
Postal Deposits	- ditto -	- -	2,476	- -	2,476	- -	2,476
Revenue Deposits	- ditto -	- -	198	2,334	2,532	1,006	1,526
Personal Deposits	- ditto -	- -	13,046	14,583	27,629	14,513	13,116
Deposits of the Oudh and Rohilkund Railway.	3¾ per cent.	96	5,093	1,132	6,225	793	5,432
General Family Pension Fund Deposits	3¾ „	764	40,728	4,197	44,925	15	44,910
Hindu Family Annuity Fund	3¾ „	112	5,997	1,028	7,025	151	6,874
Deceased Men's Deposits	Bearing no interest.	- -	1,236	76	1,312	7	1,305
Administrator General's Deposits, less than 500 rupees.	3½ per cent.	28	1,609	- -	1,609	- -	1,609
Trust Deposits, Military Orphan Society	4 „	148	7,382	- -	7,382	- -	7,382
Deposits of the Lower Orphan School	4 „	28	1,416	- -	1,416	- -	1,416
District Savings Bank Deposits	3¾ „	260	13,868	5,800	19,668	1,671	17,997
Deposits for Government Loan	Bearing no interest.	- -	23,950	3,885	27,835	27,835	—
Employés Guarantee Fund, Madras Railway.	3¾ per cent.	240	12,795	- -	12,795	12,795	—
Contractors' Security Fund, Madras Railway.	3¾ „	31	1,653	- -	1,653	1,653	—
Guarantee and Contractors' Fund, Madras Railway.	3¾ „	- -	- -	16,063	16,063	1,248	14,815
Fine and Guarantee Fund, Sindh, Punjab, and Delhi Railway.	3¾ „	467	24,936	2,039	26,975	1,236	25,739
Fine and Guarantee Fund, Oudh and Rohilkund Railway.	3¾ „	24	1,283	260	1,543	145	1,398
Extraordinary Casualty Fund, Great Indian Peninsula Railway.	3¾ „	2,723	145,202	2,723	147,925	362	147,563
Fire Insurance Fund, Oudh and Rohilkund Railway.	3¾ „	- -	30	- -	30	- -	30
Fire Insurance Fund, Great Indian Peninsula Railway.	3¾ „	141	7,509	1,705	9,214	1,570	7,644
Fire Insurance Fund, Sindh, Punjab, and Delhi Railway.	3¾ „	791	42,197	777	42,974	31,309	11,665
Local Funds	Bearing no interest.	- -	21,614	28,174	49,788	29,071	20,717
Carried forward £.		5,853	399,817	159,815	559,632	210,735	348,897

(a) In addition to this, another 4 per cent. is paid as donation, and charged to Grant 28, "Superannuation, &c. Allowances."

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 30th September 1878.	Amount of Loans, Debts, &c., on 30th September 1878.	Debt incurred in Half-year ending 31st March 1879.	TOTAL of the two preceding Columns.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 31st March 1879.
GOVERNMENT OF INDIA—GENERAL AND POLITICAL—*continued.*							
Brought forward - - -		£. 5,853	£. 399,817	£. 159,815	£. 559,632	£. 210,735	£. 348,897
Deposits and Miscellaneous—*continued.*							
Municipalities - - - - - -	Bearing no interest.	- -	3,586	5,748	9,334	3,907	5,427
Mint Certificates - - - - - -	- ditto -	- -	- -	653,277	653,277	440,535	212,742
Buhoo Begum's Stipend Fund - -	4 per cent.	4,290	214,486	- -	214,486	12,794	201,692
Berar Suspense Account - - -	Bearing no interest.	- -	7,024	132,900	139,924	139,924	—
Regimental Savings Bank Deposits -	3¾ per cent.	3,491	186,175	52,884	239,059	74,403	164,656
Military Miscellaneous Deposits - -	Bearing no interest.	- -	57,033	147,676	204,709	94,240	110,469
Prize Funds - - - - - - -	- ditto -	- -	75,147	- -	75,147	411	74,736
Northbrook Medal Fund - - -	- ditto -	- -	- -	40	40	16	24
TOTAL Deposits and Miscellaneous - - - £.		13,634	943,268	1,152,340	2,095,608	976,965	1,118,643
TOTAL GOVERNMENT OF INDIA—GENERAL AND POLITICAL - - - - - £.		1,772,466	83,326,705	- -	- -	- -	84,741,210
CENTRAL PROVINCES:							
BILLS PAYABLE:							
Unpaid Bills - - - - - - -	Bearing no interest.	- -	3,430	- -	- -	- -	2,275
Unpaid Money Orders - - - - -	- ditto -	- -	469	- -	- -	- -	668
Unpaid Cheques of the Public Works Department.	- ditto -	- -	2,108	—	—	—	—
TOTAL Bills Payable - - - £.		- -	6,007	- -	- -	- -	2,943
DEPOSITS AND MISCELLANEOUS:							
General Deposits - - - - - -	Bearing no interest.	- -	8,262	3,228	11,490	11,490	—
Revenue Deposits - - - - - -	- ditto -	- -	15,055	23,967	39,022	26,976	12,046
Civil and Criminal Courts' Deposits -	- ditto -	- -	13,983	30,829	44,812	29,553	15,259
Personal Deposits - - - - - -	- ditto -	- -	15,241	48,810	64,051	31,693	32,358
Balance of the Local Government - -	- ditto -	- -	134,727	320,383	455,110	302,620	152,490
Local Funds - - - - - - -	- ditto -	- -	25,741	44,233	69,974	35,056	34,918
District Savings Bank Deposits - -	3¾ per cent.	529	28,195	3,686	31,881	4,687	27,194
TOTAL Deposits and Miscellaneous - - - £.		529	241,204	475,136	716,340	442,075	274,265
TOTAL CENTRAL PROVINCES - - - £.		529	247,211	- -	- -	- -	277,208
BRITISH BURMA:							
BILLS PAYABLE:							
Bills drawn and advised, but not paid -	Bearing no interest.	- -	2,330	- -	- -	- -	10,354
Unpaid Money Orders - - - - -	- ditto -	- -	434	- -	- -	- -	832
Unpaid Cheques of the Public Works Department.	- ditto -	- -	1,661	- -	- -	- -	5,083
TOTAL Bills Payable - - - £.		- -	4,425	- -	- -	- -	16,269
DEPOSITS AND MISCELLANEOUS:							
Revenue Deposits - - - - - -	Bearing no interest.	- -	19,373	48,525	67,898	31,524	36,374
Civil and Criminal Courts Deposits -	- ditto -	- -	1,015	4,524	5,539	4,560	979
Personal Deposits - - - - - -	- ditto -	- -	3,712	8,653	12,365	7,590	4,775
District Savings Bank Deposits - -	3¾ per cent.	243	12,949	5,492	18,441	3,657	14,784
Balance of the Local Government - -	Bearing no interest.	- -	77,283	203,064	280,347	210,793	69,554
Local Funds - - - - - - -	- ditto -	- -	78,895	111,235	190,130	84,726	105,404
Municipalities - - - - - -	- ditto -	- -	24,188	54,932	79,120	53,153	25,967
TOTAL Deposits and Miscellaneous - - - £.		243	217,415	436,425	653,840	396,003	257,837
TOTAL BRITISH BURMA - - - £.		243	221,840	- -	- -	- -	274,106

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 30th September 1878.	Amount of Loans, Debts, &c., on 30th September 1878.	Debt incurred in the Half-year ending 31st March 1879.	TOTAL of the two preceding Columns.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 31st March 1879.
ASSAM:							
BILLS PAYABLE:		£.	£.	£.	£.	£.	£.
Bills drawn and advised, but not accepted or paid.	Bearing no interest.	- -	21,857	274,619	296,476	268,545	27,931
Unpaid Money Orders - - - - -	- ditto -	- -	228	- -	- -	- -	324
Unpaid Cheques of the Public Works Department.	- ditto -	- -	227	- -	- -	- -	775
TOTAL Bills Payable - - - £.		- -	22,312	- -	- -	- -	29,030
DEPOSITS AND MISCELLANEOUS:							
Personal Deposits - - - - - -	Bearing no interest.	- -	2,615	5,306	7,921	5,118	2,803
Revenue Deposits - - - - - -	- ditto -	- -	17,998	14,179	32,177	10,641	21,536
Civil and Criminal Courts' Deposits -	- ditto -	- -	5,009	4,894	9,903	3,600	6,303
District Savings Bank Deposits - - -	3½ per cent.	267	14,244	2,910	17,154	3,344	13,810
Balance of the Local Government - -	Bearing no interest.	- -	34,777	262,444	297,221	240,926	56,295
Local Funds - - - - - - -	- ditto -	- -	812	407	1,219	493	726
Municipalities - - - - - -	- ditto -	- -	7,831	3,250	11,081	5,024	6,057
TOTAL Deposits and Miscellaneous - - - £.		267	83,286	293,390	376,676	269,146	107,530
TOTAL ASSAM - - - £.		267	105,598	- -	- -	- -	136,560
BENGAL:							
BILLS PAYABLE:							
Bills drawn and advised, but not accepted or paid.	Bearing no interest.	- -	58,554	- -	- -	- -	59,442
Bills accepted, but not paid - - -	- ditto -	- -	4	- -	- -	- -	15,270
Unpaid Money Orders - - - - -	- ditto -	- -	1,827	- -	- -	- -	2,760
Unpaid Cheques of the Public Works Department.	- ditto -	- -	1,677	—	—	—	—
TOTAL Bills Payable - - - £.		- -	62,062	- -	- -	- -	77,472
DEPOSITS AND MISCELLANEOUS:							
General Deposits - - - - - -	Bearing no interest.	- -	67,841	139,384	207,225	136,930	70,295
Revenue Deposits - - - - - -	- ditto -	- -	219,594	193,669	413,263	188,959	224,304
Civil and Criminal Courts' Deposits -	- ditto -	- -	112,715	567,426	680,141	556,175	123,966
Postal Deposits - - - - - -	- ditto -	- -	72	- -	72	10	62
Miscellaneous Deposits - - - - -	- ditto -	- -	270,202	- -	270,202	- -	270,202
Personal Deposits - - - - - -	- ditto -	- -	88,549	387,007	475,556	365,704	109,852
Deposits for Government Loan - -	- ditto -	- -	150	42	192	46	146
Presidency Savings Bank Deposits -	3½ per cent.	4,720	251,717	59,718	311,435	64,851	246,584
District Savings Bank Deposits - -	3¾ „ -	2,306	123,014	21,832	144,846	20,130	124,716
Balance of the Local Government - -	Bearing no interest.	- -	826,398	2,475,612	3,302,010	1,961,758	1,340,252
Local Funds - - - - - - -	- ditto -	- -	17,007	15,581	32,588	19,051	13,537
Nizamut Stipend Fund - - - - -	- ditto -	- -	478,256	127,219	605,475	113,377	492,098
Municipalities - - - - - -	- ditto -	- -	18,462	84,618	103,080	81,456	21,624
TOTAL Deposits and Miscellaneous - - - £.		7,026	2,473,977	4,072,108	6,546,085	3,508,447	3,037,638
TOTAL BENGAL - - - £.		7,026	2,536,039	- -	- -	- -	3,115,110

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 30th September 1878.	Amount of Loans, Debts, &c., on 30th September 1878.	Debt incurred in the Half-year ending 31st March 1879.	TOTAL of the two preceding Columns.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 31st March 1879.
NORTH WESTERN PROVINCES AND OUDH:		£.	£.	£.	£.	£.	£.
BILLS PAYABLE:							
Unpaid Bills	Bearing no interest.	- -	51,149	- -	- -	- -	58,428
Unpaid Money Orders	- ditto -	- -	7,384	- -	- -	- -	7,187
Unpaid Cheques of the Public Works Department.	- ditto -	- -	16,036	- -	- -	- -	13,302
TOTAL Bills Payable	£	- -	74,569	- -	- -	- -	78,917
DEPOSITS AND MISCELLANEOUS:							
Revenue Deposits	Bearing no interest.	- -	87,790	128,655	216,445	127,150	89,295
Civil Courts' Deposits	- ditto -	- -	91,686	150,469	242,155	119,932	122,223
Criminal Courts' Deposits	- ditto -	- -	15,545	13,955	29,500	20,505	8,995
General Deposits	- ditto -	- -	247	- -	247	- -	247
Personal Deposits	- ditto -	- -	90,214	386,761	476,975	315,728	161,247
Deposits for Government Loan	- ditto -	- -	12,433	2,364	14,797	54	14,743
District Savings Bank Deposits	3¾ per cent.	1,351	72,088	12,464	84,552	12,788	71,764
Balance of the Local Government	Bearing no interest.	- -	208,836	1,918,456	2,127,292	1,502,082	625,210
Local Funds	- ditto -	- -	313,674	54,272	367,946	54,831	313,115
Municipalities	- ditto -	- -	29,903	135,287	165,190	124,424	40,766
Trusts and Endowments	4 per cent.	400	20,000	- -	20,000	- -	20,000
TOTAL Deposits and Miscellaneous	£.	1,751	942,416	2,802,683	3,745,099	2,277,494	1,467,605
TOTAL NORTH WESTERN PROVINCES AND OUDH	£.	1,751	1,016,985	- -	- -	- -	1,546,522
PUNJAB:							
BILLS PAYABLE:							
Supply Bills (Local)	Bearing no interest.	- -	9,355	345,567	354,922	343,012	11,910
Remittance Transfer Receipts (Local)	- ditto -	- -	14,324	292,380	306,704	285,670	21,034
Money Orders payable	- ditto -	- -	4,094	- -	- -	- -	3,606
Unpaid Cheques of the Public Works Department.	- ditto -	- -	26,770	- -	- -	- -	10,606
TOTAL Bills Payable	£.	- -	54,543	- -	- -	- -	47,156
DEPOSITS AND MISCELLANEOUS:							
Revenue Deposits	Bearing no interest.	- -	41,073	101,526	142,599	97,557	45,042
Personal Deposits	- ditto -	- -	112,670	424,757	537,427	397,720	139,707
Postal Deposits	- ditto -	- -	38	- -	38	- -	38
Trusts and Endowments	5 per cent. for 1,000 *l.*; 3¾ per cent. for 264 *l.*	30	1,264	- -	1,264	- -	1,264
District Savings Bank Deposits	3¾ per cent.	752	40,110	8,490	48,600	7,586	41,014
Balance of the Local Government	Bearing no interest.	- -	106,907	829,134	936,041	767,123	168,918
Municipal Funds	- ditto -	- -	62,646	119,583	182,229	112,096	70,133
Cantonment Funds	- ditto -	- -	3,470	12,050	15,520	10,887	4,633
TOTAL Deposits and Miscellaneous	£.	782	368,178	1,495,540	1,863,718	1,392,969	470,749
TOTAL PUNJAB	£.	782	422,721	- -	- -	- -	517,905
MADRAS:							
REGISTERED DEBT:							
8 per Cent. Perpetual Loan	8 per cent.	616	15,400	- -	15,400	- -	15,400
6 „ „ „	6 „	241	8,050	- -	8,050	- -	8,050
6 „ Notes issued on account of Charitable Institutions.	Bearing no interest.	- -	560	- -	560	- -	560
4 „ Bonds issued on account of Tanjore Debt.	- ditto -	- -	5,378	- -	5,378	- -	5,378
4 „ Notes issued on account of Petty Claims against the Carnatic Fund.	- ditto -	- -	390	- -	390	- -	390
TOTAL Registered Debt	£.	857	29,778	- -	29,778	- -	29,778

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 30th September 1878.	Amount of Loans, Debts, &c., on 30th September 1878.	Debt incurred in the Half-year ending 31st March 1879.	TOTAL of the two preceding Columns.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 31st March 1879.
MADRAS—*continued.*		£.	£.	£.	£.	£.	£.
TREASURY NOTES:							
Capital account of Treasury Notes on account of Madras Civil Fund.	4 per cent.(*a*)	18,753	937,640	100,000	1,037,640	- -	1,037,640
Capital account of 4 per Cent. Non-transferable Treasury Notes on account of Education Building Fund.	4 „	407	20,350	15,350	35,700	20,350	15,350
Capital account on account of Military Orphan Asylum.	4 „	143	7,162	- -	7,162	- -	7,162
Capital account on account of Regimental Cart Fund Deposits.	4 „	344	17,200	450	17,650	12,300	5,350
Capital account of Treasury Notes of Soldiers' Savings Bank Deposits.	4 „	2	100	- -	100	- -	100
TOTAL Treasury Notes - - - £.		19,649	982,452	115,800	1,098,252	32,650	1,065,602
SERVICE FUNDS:							
Civil Fund, 8 per cent. Capital - -	5 per cent.(*b*)	2,237	89,495	66,794	156,289	147,178	9,111
„ 4 „ „ - -	4 „	760	37,978	20,049	58,027	23,825	34,202
Apothecaries' Fund - - - - -	4 „	97	4,851	1,987	6,838	1,549	5,289
TOTAL Service Funds - - - £.		3,094	132,324	88,830	221,154	172,552	48,602
BILLS PAYABLE:							
Bills drawn and advised, but not accepted or paid.	Bearing no interest.	- -	9,679	221,410	231,089	219,711	11,378
Bills of the Secretary of State outstanding	- ditto -	- -	- -	35,206	35,206	27,870	7,336
Unpaid Money Orders - - - - -	- ditto -	- -	2,165	- -	- -	- -	2,165(*c*)
Unpaid Cheques of the Public Works Department.	- ditto -	- -	16,488	- -	- -	- -	4,669
TOTAL Bills Payable - - - £.		- -	28,332	- -	- -	- -	25,548
DEPOSITS AND MISCELLANEOUS:							
General Deposits - - - - - -	Bearing no interest.	- -	—57	- -	—57	347	—404
Revenue Deposits - - - - - -	- ditto -	- -	113,153	66,749	179,902	100,377	79,525
Civil, Criminal, and High Courts' Deposits	- ditto -	- -	96,527	143,757	240,284	143,090	97,194
Deposits for Government Loan - -	- ditto -	- -	- -	720	720	720	—
Personal Deposits - - - - - -	- ditto -	- -	138,921	521,075	659,996	494,996	165,000
Deceased Men's and Deserters' Deposits -	- ditto -	- -	74	33	107	3	104
Deposits of the Madras Infirmary and Native Poor Asylum.	6 per cent.	201	6,688	- -	6,688	- -	6,688
Deposits on account of the Estate of the late Pogoss Petras.	5 „	3	126	- -	126	- -	126
Presidency Savings Bank Deposits - -	3¾ „	4,425	235,995	45,950	281,945	51,104	230,841
Endowments by Callah Singawnee Chetty for four Choultries for the accommodation of Travellers.	6 „	125	4,177	- -	4,177	- -	4,177
Balance of the Local Government - -	Bearing no interest.	- -	48,060	479,023	527,083	576,711	—49,628
Local Funds - - - - - - - -	- ditto -	- -	360,232	614,478	974,710	480,971	493,739
Regimental Savings Bank Deposits - -	3¾ per cent.	858	45,812	16,002	61,814	22,193	39,621
Military Miscellaneous Deposits - -	Bearing no interest.	- -	79,352	37,308	116,660	27,540	89,120
Municipalities - - - - - -	- ditto -	- -	10,707	73,887	84,594	66,975	17,619
TOTAL Deposits and Miscellaneous - - - £.		5,612	1,139,767	1,998,982	3,138,749	1,965,027	1,173,722
TOTAL MADRAS - - - £.		29,212	2,312,653	- -	- -	- -	2,343,252

(*a*) This is exclusive of the 4 per cent. paid as donation, and charged to Grant 28, "Superannuation, &c. Allowances."
(*b*) Exclusive of the 3 per cent. paid as donation, and charged to Grant 28, "Superannuation, &c., Allowances."
(*c*) This is an estimated amount; the amount reported by the Accountant General was apparently wrong.

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 30th September 1878.	Amount of Loans, Debts, &c., on 30th September 1878.	Debt incurred in the Half-year ending 31st March 1879.	TOTAL of the two preceding Columns.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 31st March 1879.
BOMBAY:		£.	£.	£.	£.	£.	£.
TREASURY NOTES:							
Treasury Notes, Bombay Island Police Fund.	5 per cent.	219	8,750	- -	8,750	- -	8,750
SERVICE FUNDS:							
Civil Fund - - - - - - -	8 per cent.	28,026	700,659	8,843	709,502	20,579	688,923
Uncovenanted Service Family Pension Fund (Widows' Fund).	6 „	1,288	42,936	1,362	44,298	- -	44,298
Uncovenanted Service Life Assurance Fund	4 „	23	1,148	146	1,294	190	1,104
„ „ Children's Fund -	6 „	1	21	16	37	- -	37
Bombay City Police Superannuation Pension Fund.	4½ „	605	26,908	909	27,817	1,214	26,603
TOTAL Service Funds - - - £.		29,943	771,672	11,276	782,948	21,983	760,965
BILLS PAYABLE:							
Bills of the Secretary of State outstanding	Bearing no interest.	- -	457,500	1,759,100	2,216,600	1,774,800	441,800
Bills drawn in India, not paid - -	- ditto -	- -	26,689	687,740	714,429	705,574	8,855
Unpaid Money Orders - - - - -	- ditto -	- -	824	51,318	52,142	51,062	1,080
Unpaid Cheques of the Public Works Department.	- ditto -	- -	6,306	—	—	—	—
TOTAL Bills Payable - - - £.		- -	491,319	- -	- -	- -	451,735
DEPOSITS AND MISCELLANEOUS:							
General Deposits - - - - -	Bearing no interest.	- -	118,434	105,103	223,537	101,050	122,487
Revenue Deposits (including Customs, Opium and Salt).	- ditto -	- -	42,988	85,868	128,856	89,588	39,268
High Court Deposits - - - -	- ditto -	- -	15,024	12,137	27,161	10,673	16,488
High Court Judicial Receipts - -	- ditto -	- -	2,358	1,246	3,604	1,270	2,334
Other Civil Courts' Deposits - - -	- ditto -	- -	35,490	53,375	88,865	58,533	30,332
Criminal Courts' Deposits - - -	- ditto -	- -	3,563	4,840	8,403	5,308	3,095
Personal Deposits - - - - -	- ditto -	- -	43,183	193,363	236,546	167,173	69,373
Deceased Men's and Deserters' Deposits	- ditto -	- -	1,072	69	1,141	7	1,134
Postal Deposits - - - - - -	- ditto -	- -	- -	7	7	7	—
Deposits for Government Loan - -	- ditto -	- -	3,505	2,373	5,878	5,347	531
Endowments for Charitable Institutions -	5 per cent.	792	31,683	- -	31,683	- -	31,683
„ „ „	6 „	1,890	62,996	- -	62,996	- -	62,996
Administrator General's Deposits - -	3¾ „	262	14,000	2,000	16,000	- -	16,000
Presidency Savings Bank Deposits - -	3¾ „	16,709	891,120	94,630	985,750	99,785	885,965
Marine Deposits - - - - -	Bearing no interest.	- -	5,313	3,152	8,465	1,791	6,674
Penalties on Native States for Robbery of Mails.	- ditto -	- -	150	11	161	- -	161
Mint Certificates - - - - - -	- ditto -	- -	60,591	2,310,650	2,371,241	2,237,395	133,846
Balance of the Local Government - -	- ditto -	- -	140,934	3,081,481	3,222,415	2,734,254	488,161
Local Funds - - - - - - -	- ditto -	- -	37,188	43,365	80,553	41,966	38,587
Regimental Savings Bank Deposits -	3¾ per cent.	1,017	54,270	12,278	66,548	28,622	37,926
Military Miscellaneous Deposits - -	Bearing no interest.	- -	48,277	129,590	177,867	127,474	50,393
TOTAL Deposits and Miscellaneous - - - £.		20,670	1,612,139	6,135,538	7,747,677	5,710,243	2,037,434
TOTAL BOMBAY - - - £.		50,832	2,883,880	- -	- -	- -	3,258,884
PUBLIC WORKS DEPARTMENT:							
DEPOSITS AND MISCELLANEOUS:							
Deposits - - - - - - -	Bearing no interest.	- -	259,935	- -	- -	- -	349,518

EAST INDIA (LIABILITIES IN INDIA).

RETURN of all STOCKS, LOANS, DEBTS, and LIABILITIES in *India*, Chargeable on the REVENUES of *India*, at the Close of the Half-year ending on 31st March 1879, with Rates and Amount of Interest, showing the Changes which have taken place in the Half-year in respect to the Debts Incurred and Paid off or Discharged.

(*Presented pursuant to Act* 40 & 41 *Vict. c.* 51.)

Ordered, by The House of Commons, *to be Printed,*
30 *June* 1879.

253.

Under 1 *oz.*

BOMBAY BRANCH
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Royal Asiatic Society.
CLASS

EAST INDIA (LIABILITIES IN INDIA).

RETURN of all STOCKS, LOANS, DEBTS, and LIABILITIES in *India*, Chargeable on the REVENUES of *India*, at the Close of the Half-year ending on the 30th September 1878, with Rates and Amount of Interest, showing the Changes which have taken place in the Half-year in respect to the Debts Incurred and Paid off or Discharged.

India Office,
13 February 1879.

EDWARD STANHOPE,
Under Secretary of State.

ABSTRACT STATEMENT of all STOCKS, LOANS, DEBTS, and LIABILITIES in *India*, Chargeable on the REVENUES of *India*, on the 30th September 1878, so far as at present ascertained.

NAME OF PROVINCE.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 31st March 1878.	Amount of Loans, Debts, &c., on 31st March 1878.	Debt incurred in the Half-year ending 30th September 1878.	TOTAL.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 30th September 1878.
		£.	£.	£.	£.	£.	£.
GOVERNMENT OF INDIA—GENERAL AND POLITICAL.	*Vide* details	1,723,138	81,414,360	- -	- -	- -	83,315,382
CENTRAL PROVINCES - - - - -	- ditto -	477	206,594	- -	- -	- -	236,139
BRITISH BURMA - - - - - - -	- ditto -	228	249,614	- -	- -	- -	221,840
ASSAM - - - - - - - - - -	- ditto -	247	119,510	- -	- -	- -	105,508
BENGAL - - - - - - - - - -	- ditto -	6,827	2,414,751	- -	- -	- -	2,669,537
NORTH WESTERN PROVINCES AND OUDH.	- ditto -	1,673	1,138,515	- -	- -	- -	1,464,115
PUNJAB - - - - - - - - - -	- ditto -	1,759	465,370	- -	- -	- -	467,261
MADRAS - - - - - - - - - -	- ditto -	27,476	1,962,739	- -	- -	- -	2,116,789
BOMBAY - - - - - - - - - -	- ditto -	49,261	2,893,243	- -	- -	- -	2,866,159
PUBLIC WORKS DEPARTMENT - -	- ditto -	- -	174,716	- -	- -	- -	259,935
	TOTAL - - - £.	1,811,086	91,039,412	- -	- -	- -	93,722,755

Comptroller General's Office, Calcutta,
6 December 1878.

W. Waterfield, Officiating Comptroller General.

DETAILED STATEMENT of all STOCKS, LOANS, DEBTS, and LIABILITIES in *India*, Chargeable on the REVENUES of *India*, on the 30th September 1878, so far as at present ascertained.

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 31st March 1878.	Amount of Loans, Debts, &c., on 31st March 1878.	Debt incurred in the Half-year ending 30th September 1878.	TOTAL.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 30th September 1878.
GOVERNMENT OF INDIA—GENERAL AND POLITICAL:							
REGISTERED DEBT:		£.	£.	£.	£.	£.	£.
Loan of 1859–60	5½ per cent.	270,742	9,845,170	- -	9,845,170	1,670,079	8,175,091
Transfer Loan of 1870	4½ „	41,305	1,835,790	- -	1,835,790	- -	1,835,790
„ „ 1871	4½ „	4,993	221,900	- -	221,900	- -	221,900
„ „ 1872	4½ „	278,823	12,392,130	- -	12,392,130	- -	12,392,130
Loan of 1878	4½ „	- -	- -	2,496,700	2,496,700	- -	2,496,700
Transfer Loan of 1879, 4½ per cent. portion	4½ „	- -	- -	1,655,559	1,655,559	500	1,655,059
Transfer Loan of 1879, 7 *s.* per cent. portion	7 *s.* per cent. per annum	- -	- -	15,020	15,020	- -	15,020
Loan of 1824–5	4 per cent.	636	31,797	- -	31,797	- -	31,797
„ 1828–9	4 „	174	8,724	- -	8,724	- -	8,724
„ 1832–3	4 „	24,332	1,216,608	- -	1,216,608	15,630	1,200,978
„ 1835–6	4 „	59,762	2,988,130	- -	2,988,130	42,390	2,945,740
„ 1842–3	4 „	354,242	17,712,136(*a*)	64,810	17,776,946	77,700	17,699,246
„ 1854–5	4 „	127,411	6,370,570	- -	6,370,570	84,350	6,286,220
Transfer Loan of 1st May 1865	4 „	353,587	17,679,360	195,110	17,874,470	13,250	17,861,220
Transfer Loan of 22nd April 1854	4 „	24,613	1,230,666	- -	1,230,666	- -	1,230,666
Loan of 1853–4	3½ „	1,141	65,200	- -	65,200	- -	65,200
Railway Loan from Maharajah Holkar	4½ „	22,500	1,000,000	- -	1,000,000	- -	1,000,000
Debenture Loan of 1867–8	5 „	15,098	600,300	- -	600,300	- -	600,300
Promissory Notes for Mysore Family	4 „	4,159	207,969	- -	207,969	26,757	181,212
Railway Loan from Maharajah Scindia	4 „	30,000	1,500,000	- -	1,500,000	- -	1,500,000
5 per Cent. Loan of 1825–6	Ordered to be paid off; bear no interest	- -	6,240	- -	6,240	- -	6,240
5 „ „ 1841–2		- -	1,590	- -	1,590	- -	1,590
5 „ „ 1854–5 for Public Works.		- -	6,400	- -	6,400	450	5,950
5 „ „ 1856–7		- -	19,760	- -	19,760	450	19,310
5 „ Debenture Loan of 1867–8, repayable 1st June 1877.		- -	4,800	- -	4,800	1,500	3,300
Treasury Bills at 2½ pie per Cent. per diem.		- -	9,280	- -	9,280	- -	9,280
TOTAL Registered Debt - - - £.		1,613,428	74,954,520	4,427,199	79,381,719	1,933,056	77,448,663
LOANS:							
Loan from the late King of Oudh	6 per cent.	10,822	360,724	- -	360,724	- -	360,724
Ditto - ditto - ditto	5 „	29,800	1,192,000	- -	1,192,000	- -	1,192,000
Perpetual Loan from the late King of Oudh.	4 „	3,400	170,000	- -	170,000	- -	170,000
Charity Fund of the late King of Oudh	4 „	600	30,000	- -	30,000	- -	30,000
Loan from Rajah Kalisankar Ghosal	5 „	120	4,800	- -	4,800	- -	4,800
Promissory Notes issued to the Prize Agents for the Captors of Java.	6 „	1,030	34,348	- -	34,348	- -	34,348
Book Debt Loan on account of Madhorao	4 „	1,336	66,800	- -	66,800	- -	66,800
TOTAL Loans - - - £.		47,108	1,858,672	- -	1,858,672	- -	1,858,672
TREASURY NOTES:							
Treasury Notes on account of Service Funds (Civil Fund).	4 per cent.(*b*)	16,507	825,378	115,109	940,487	61,182	879,305
Treasury Notes on account of Soldiers' Savings Bank Deposits.	4 „	5	250	- -	250	- -	250
Treasury Notes on account of Bhonsla Family Temples.	5 „	842	33,670	- -	33,670	- -	33,670
TOTAL Treasury Notes - - - £.		17,354	859,298	115,109	974,407	61,182	913,225

(*a*) The difference between this sum and 17,712,620 *l.*, shown in the last Statement, is owing to an expected adjustment of 484 *l.* not having been made.

(*b*) In addition to this, another 4 per cent. is paid as donation, and charged to Grant 28, "Superannuation, &c. Allowances."

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 31st March 1878.	Amount of Loans, Debts, &c., on 31st March 1878.	Debt incurred in the Half-year ending 30th September 1878.	TOTAL.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 30th September 1878.
GOVERNMENT OF INDIA—GENERAL AND POLITICAL—*continued.*							
SERVICE FUNDS:		£.	£.	£.	£.	£.	£.
Civil Fund	4 per cent.(a)	1,877	93,889	126,864	220,753	159,474	61,279
Civil Fund, under Rules of 1st January 1850	5 „	13,353	534,118	21,323	555,441	11,454	543,987
Uncovenanted Service Family Pension Fund	6 „	17,393	579,784	20,239	600,023	25,505	574,518
Uncovenanted Service Family Pension Fund (Provident Branch, Deferred Annuities).	3¾ „	21	1,133	50	1,183	600	583
Uncovenanted Service Family Pension Fund (Insurance Fund).	Ordered for payment.	- -	14	- -	14	- -	14
Nujeebs and Approvers' Fund	4½ per cent.	4	175	- -	175	1	174
TOTAL Service Funds £.		32,648	1,209,113	168,476	1,377,589	197,034	1,180,555
BILLS PAYABLE:							
Supply Bills	Bearing no interest.	- -	1,418	24,392	25,810	24,041	1,769
Remittance Transfer Receipts	- ditto -	- -	2,218	19,515	21,733	15,960	5,773
Bills payable, Port Blair	- ditto -	- -	518	10,519	11,037	10,566	471
Money Orders payable	- ditto -	- -	21,631	242,876	264,507	263,396	1,111
Unpaid Cheques of the Public Works Department.	- ditto -	- -	35,146	- -	- -	- -	15,066
Bills drawn by the Secretary of State outstanding.	- ditto -	- -	1,236,900	7,828,484	9,065,384	8,108,474	956,910
TOTAL Bills payable £.		- -	1,297,831	- -	- -	- -	981,100
DEPOSITS AND MISCELLANEOUS:							
General Deposits	Bearing no interest.	- -	20,562	110,006	130,568	106,145	24,423
Civil Courts' Deposits	- ditto -	- -	837	4,850	5,687	5,086	601
Criminal Courts' Deposits	- ditto -	- -	628	514	1,142	782	360
Judicial Deposits, Port Blair	- ditto -	- -	213	2	215	- -	215
Revenue Deposits	- ditto -	- -	270	1,253	1,523	1,325	198
Postal Deposits	- ditto -	- -	2,476	- -	2,476	- -	2,476
Personal Deposits	- ditto -	- -	8,244	21,810	30,054	17,008	13,046
Deposits of the Oudh and Rohilkhund Railway.	3¾ per cent.	81	4,332	1,052	5,384	291	5,093
General Family Pension Fund Deposits	3¾ „	681	36,308	4,424	40,732	4	40,728
Hindu Family Annuity Fund	3¾ „	102	5,479	638	6,117	120	5,997
Deceased Men's Deposits	Bearing no interest.	- -	1,190	51	1,241	5	1,236
Administrator General's Deposits, less than 500 rupees.	3½ per cent.	28	1,609	- -	1,609	- -	1,609
Trust Deposits, Military Orphan Society	4 „	147	7,382	- -	7,382	- -	7,382
Deposits of the Lower Orphan School	4 „	29	1,422	- -	1,422	6	1,416
District Savings Bank Deposits	3¾ „	216	11,542	4,374	15,916	2,048	13,868
Deposits for Government Loan	Bearing no interest.	- -	- -	52,011	52,011	28,061	23,950
Permanent Way Renewal Fund, Great Indian Peninsula Railway.	3¾ per cent.	30	1,575	272	1,847	1,847	—
Employés Guarantee Fund, Madras Railway.	3¾ „	246	13,123	1,156	14,279	1,484	12,795
Contractors' Security Fund, Madras Railway.	3¾ „	31	1,671	143	1,814	161	1,653
Fine and Guarantee Fund, Scinde, Punjab, and Delhi Railway.	3¾ „	411	21,923	3,013	24,936	- -	24,936
Fine and Guarantee Fund, Oudh and Rohilkhund Railway.	3¾ „	20	1,045	263	1,308	25	1,283
Extraordinary Casualty Fund, Great Indian Peninsula Railway.	3¾ „	2,689	143,406	2,689	146,095	893	145,202
Fire Insurance Fund, Oudh and Rohilkhund Railway.	3¾ „	- -	30	- -	30	- -	30
Fire Insurance Fund, Great Indian Peninsula Railway.	3¾ „	160	8,497	163	8,660	1,151	7,509
Fire Insurance Fund, Scinde, Punjab, and Delhi Railway.	3¾ „	781	41,695	768	42,463	266	42,197
Local Funds	Bearing no interest.	- -	20,882	28,594	49,476	27,862	21,614
Municipalities	- ditto -	- -	3,583	3,670	7,253	3,667	3,586
Mint Certificates	- ditto -	- -	373,255	781,450	1,154,705	1,154,705	—
Buhoo Begum's Stipend Fund	4 per cent.	4,246	212,309	8,919	221,228	6,742	214,486
Berar Suspense Account	Bearing no interest.	- -	6,727	9,195	15,922	8,898	7,024
Regimental Savings Bank Deposits	3¾ per cent.	2,702	144,126	60,818	204,944	19,198	185,746
Military Miscellaneous Deposits	Bearing no interest.	- -	63,343	53,532	116,875	69,489	47,386
Prize Funds	- ditto -	- -	75,242	- -	75,242	120	75,122
TOTAL Deposits and Miscellaneous £.		12,600	1,234,926	1,155,630	2,390,556	1,457,389	933,167
TOTAL GOVERNMENT OF INDIA—GENERAL AND POLITICAL £.		1,723,138	81,414,360	- -	- -	- -	83,315,382

(a) In addition to this, another 4 per cent. is paid as donation, and charged to Grant 28, "Superannuation, &c. Allowances."

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding, on 31st March 1878.	Amount of Loans, Debts, &c., on 31st March 1878.	Debt incurred in the Half-year ending 30th September 1878.	TOTAL.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 30th September 1878.
CENTRAL PROVINCES:		£.	£.	£.	£.	£.	£.
BILLS PAYABLE;							
Unpaid Bills	Bearing no interest.	- -	3,106	- -	- -	- -	3,430
Unpaid Money Orders	- ditto -	- -	870	- -	- -	- -	469
Unpaid Cheques of the Public Works Department.	- ditto -	- -	5,396	- -	- -	- -	2,108
TOTAL Bills Payable	£.	- -	9,372	- -	- -	- -	6,007
DEPOSITS AND MISCELLANEOUS:							
General Deposits	Bearing no interest.	- -	8,262	- -	8,262	- -	8,262
Revenue Deposits	- ditto -	- -	12,671	25,362	38,033	22,978	15,055
Civil and Criminal Courts Deposits	- ditto -	- -	13,512	31,018	44,530	30,547	13,983
Personal Deposits	- ditto -	- -	9,823	39,574	49,397	34,156	15,241
District Savings Bank Deposits	$3\frac{3}{4}$ per cent.	477	25,458	5,675	31,133	2,938	28,195
Balance of the Local Government	Bearing no interest.	- -	122,484	292,528	415,012	270,221	144,791
Local Funds	- ditto -	- -	5,012	4,345	9,357	4,752	4,605
TOTAL Deposits and Miscellaneous	£.	477	197,222	398,502	595,724	365,592	230,132
TOTAL CENTRAL PROVINCES	£.	477	206,594	- -	- -	- -	236,139
BRITISH BURMA:							
BILLS PAYABLE:							
Bills Drawn and advised, but not paid	Bearing no interest.	- -	2,329	- -	- -	- -	2,330
Unpaid Money Orders	- ditto -	- -	275	- -	- -	- -	434
Unpaid Cheques of the Public Works Department.	- ditto -	- -	14,344	- -	- -	- -	1,661
TOTAL Bills Payable	£.	- -	16,948	- -	- -	- -	4,425
DEPOSITS AND MISCELLANEOUS:							
Revenue Deposits	Bearing no interest.	- -	30,879	33,786	64,665	45,292	19,373
Civil and Criminal Courts Deposits	- ditto -	- -	1,148	7,192	8,340	7,325	1,015
Personal Deposits	- ditto -	- -	14,912	9,851	24,763	21,051	3,712
District Savings Bank Deposits	$3\frac{3}{4}$ per cent.	228	12,180	4,012	16,192	3,243	12,949
Deposits for Government Loan	Bearing no interest.	- -	- -	60	60	60	—
Balance of the Local Government	- ditto -	- -	71,906	189,014	260,920	183,637	77,283
Local Funds	- ditto -	- -	79,426	83,421	162,847	83,952	78,895
Municipalities	- ditto -	- -	22,215	53,819	76,034	51,846	24,188
TOTAL Deposits and Miscellaneous	£.	228	232,666	381,155	613,821	396,406	217,415
TOTAL BRITISH BURMA	£.	228	249,614	- -	- -	- -	221,840

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 31st March 1878.	Amount of Loans, Debts, &c., on 31st March 1878.	Debt incurred in the Half-year ending 30th September 1878.	TOTAL.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 30th September 1878.
ASSAM:							
BILLS PAYABLE:		£.	£.	£.	£.	£.	£.
Bills drawn and advised, but not accepted or paid.	Bearing no interest.	- -	35,430	284,934	320,364	298,507	21,857
Unpaid Money Orders - - - - -	- ditto -	- -	246	- -	- -	- -	228
Unpaid Cheques of the Public Works Department.	- ditto -	- -	1,375	- -	- -	- -	227
TOTAL Bills Payable - - - £.		- -	37,051	- -	- -	- -	22,312
DEPOSITS AND MISCELLANEOUS:							
Personal Deposits - - - - - -	Bearing no interest.	- -	3,337	3,248	6,585	3,970	2,615
Revenue Deposits - - - - - -	- ditto -	- -	17,182	13,722	30,904	12,906	17,998
Civil and Criminal Courts' Deposits -	- ditto -	- -	6,102	6,198	12,300	7,291	5,009
District Savings Bank Deposits - -	3¾ per cent.	247	13,188	3,527	16,715	2,471	14,244
Balance of the Local Government - -	Bearing no interest.	- -	33,595	98,628	132,223	97,446	34,777
Local Funds - - - - - - -	- ditto -	- -	801	415	1,216	404	812
Municipalities - - - - - -	- ditto -	- -	8,254	5,212	13,466	5,635	7,831
TOTAL Deposits and Miscellaneous - - - £.		247	82,459	130,950	213,409	130,123	83,286
TOTAL ASSAM - - - £.		247	119,510	- -	- -	- -	105,598
BENGAL:							
BILLS PAYABLE:							
Bills drawn and advised, but not accepted or paid.	Bearing no interest.	- -	9,491	- -	- -	- -	7,643
Bills accepted, but not paid - - -	- ditto -	- -	205	- -	- -	- -	2,049
Unpaid Money Orders - - - - -	- ditto -	- -	3,732	- -	- -	- -	3,500
Unpaid Cheques of the Public Works Department.	- ditto -	- -	67,683	- -	- -	- -	1,677
TOTAL Bills Payable - - - £.		- -	81,171	- -	- -	- -	14,869
DEPOSITS AND MISCELLANEOUS:							
General Deposits - - - - - -	Bearing no interest.	- -	76,563	85,760	162,323	94,205	68,118
Revenue Deposits - - - - - -	- ditto -	- -	203,050	158,692	361,742	154,287	207,455
Civil and Criminal Courts' Deposits -	- ditto -	- -	114,234	435,392	549,626	419,038	130,588
Postal Deposits - - - - - -	- ditto -	- -	54	25	79	15	64
Miscellaneous Deposits - - - - -	- ditto -	- -	270,202	- -	270,202	- -	270,202
Personal Deposits - - - - - -	- ditto -	- -	130,301	185,078	315,379	205,361	110,018
Deposits for Government Loan - -	- ditto -	- -	1	3,239	3,240	3,090	150
Presidency Savings Bank Deposits -	3¾ per cent.	4,794	255,714	47,183	302,897	51,176	251,721
District Savings Bank Deposits - -	3¾ „ -	2,033	108,460	22,508	130,968	11,684	119,284
Balance of the Local Government - -	Bearing no interest.	- -	293,155	1,133,205	1,426,450	851,913	574,537
Local Funds - - - - - - -	- ditto -	- -	414,186	9,858	424,044	6,920	417,124
Nizamut Stipend Fund - - - - -	- ditto -	- -	439,603	97,224	536,827	52,896	483,931
Municipalities - - - - - -	- ditto -	- -	22,895	45,671	68,566	49,436	19,130
Account Current with Cooch Behar -	- ditto -	- -	5,162	10,720	15,882	13,536	2,346
TOTAL Deposits and Miscellaneous - - - £.		6,827	2,333,580	2,234,645	4,568,225	1,913,557	2,654,668
TOTAL BENGAL - - - £.		6,827	2,414,751	- -	- -	- -	2,669,537

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 31st March 1878.	Amount of Loans, Debts, &c., on 31st March 1878.	Debt incurred in the Half-year ending 30th September 1878.	TOTAL.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 30th September 1878.
NORTH WESTERN PROVINCES AND OUDH:		£.	£.	£.	£.	£.	£.
BILLS PAYABLE:							
Unpaid bills	Bearing no interest.	- -	59,889	- -	- -	- -	51,978
Unpaid Money Orders	- ditto -	- -	9,587	- -	- -	- -	7,185
Unpaid Cheques of the Public Works Department.	- ditto -	- -	50,454	- -	- -	- -	16,036
TOTAL Bills Payable	- - - £	- -	119,930	- -	- -	- -	75,199
DEPOSITS AND MISCELLANEOUS:							
Revenue Deposits	Bearing no interest.	- -	83,019	152,778	235,797	147,683	88,114
Civil Courts' Deposits	- ditto -	- -	88,088	193,950	282,038	189,143	92,895
Criminal Courts' Deposits	- ditto -	- -	12,988	22,146	35,134	19,487	15,647
General Deposits	- ditto -	- -	248	- -	248	- -	248
Personal Deposits	- ditto -	- -	113,710	399,239	512,949	422,690	90,259
Deposits for Government Loan	- ditto -	- -	- -	12,344	12,344	33	12,311
District Savings Bank Deposits	3¾ per cent.	1,273	67,906	15,419	83,325	11,252	72,073
Balance of the Local Government	Bearing no interest.	- -	223,547	1,111,704	1,335,251	748,314	586,937
Local Funds	- ditto -	- -	374,722	58,247	432,969	53,101	379,868
Municipalities	- ditto -	- -	34,357	118,350	152,707	122,143	30,564
Trusts and Endowments	4 per cent.	400	20,000	- -	20,000	- -	20,000
TOTAL Deposits and Miscellaneous	- - - £	1,673	1,018,585	2,084,177	3,102,762	1,713,846	1,388,916
TOTAL NORTH WESTERN PROVINCES AND OUDE	- - - £.	1,673	1,138,515	- -	- -	- -	1,464,115
PUNJAB:							
LOANS:							
Temporary Loan of 1877-78	6 per cent.	1,080	36,000	- -	36,000	36,000	—
BILLS PAYABLE:							
Supply Bills (Local)	Bearing no interest.	- -	1,910	153,255	155,165	145,410	9,755
Remittance Transfer Receipts (Local)	- ditto -	- -	13,220	176,454	189,674	175,848	13,826
Money Orders payable	- ditto -	- -	3,631	- -	- -	- -	4,094
Unpaid Cheques of the Public Works Department.	- ditto -	- -	81,416	- -	- -	- -	26,770
TOTAL Bills Payable	- - - £.	- -	100,177	- -	- -	- -	54,445
DEPOSITS AND MISCELLANEOUS:							
Personal Deposits	Bearing no interest.	- -	95,258	429,455	524,713	412,411	112,302
Revenue Deposits	- ditto -	- -	31,788	71,003	102,791	61,646	41,145
Postal Deposits	- ditto -	- -	38	- -	38	- -	38
Trusts and Endowments	5 per cent. for 1,000 *l.*; 3¾ per cent. for 264 *l.*	30	1,264	- -	1,264	- -	1,264
District Savings Bank Deposits	3¾ per cent.	649	34,610	10,612	45,222	4,695	40,527
Balance of the Local Government	Bearing no interest.	- -	91,805	752,986	844,791	698,271	146,520
Municipal Funds	- ditto -	- -	71,140	98,739	169,879	107,161	62,718
Cantonment Funds	- ditto -	- -	3,290	17,775	21,065	12,763	8,302
TOTAL Deposits and Miscellaneous	- - - £.	679	329,193	1,380,570	1,709,763	1,296,947	412,816
TOTAL PUNJAB	- - - £.	1,759	465,370	- -	- -	- -	467,261

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 31st March 1878.	Amount of Loans, Debts, &c., on 31st March 1878.	Debt incurred in the Half-year ending 30th September 1878.	TOTAL.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 30th September 1878.
MADRAS:		£.	£.	£.	£.	£.	£.
REGISTERED DEBT:							
8 per Cent. Perpetual Loan	8 per cent.	616	15,400	- -	15,400	- -	15,400
6 „ „ „	6 „	241	8,050	- -	8,050	- -	8,050
6 „ Notes issued on account of Charitable Institutions.	Bearing no interest.	- -	560	- -	560	- -	560
4 „ Bonds issued on account of Tanjore Debt.	- ditto -	- -	5,378	- -	5,378	- -	5,378
4 „ Notes issued on account of Petty Claims against the Carnatic Fund.	- ditto -	- -	390	- -	390	- -	390
TOTAL Registered Debt - - - £.		857	29,778	- -	29,778	- -	29,778
TREASURY NOTES:							
Capital account of Treasury Notes on account of Madras Civil Fund.	4 per cent.(*a*)	18,753	937,640	- -	937,640	- -	937,640
Capital account of 4 per Cent. Non-transferable Treasury Notes on account of Education Building Fund.	4 „	407	20,350	- -	20,350	- -	20,350
Capital account on account of Military Orphan Asylum.	4 „	143	7,162	- -	7,162	- -	7,162
Capital account on account of Regimental Cart Fund Deposits.	4 „	294	14,700	4,700	19,400	2,200	17,200
Capital account of Treasury Notes of Soldiers' Savings Bank Deposits.	4 „	2	100	- -	100	- -	100
TOTAL Treasury Notes - - - £.		19,599	979,952	4,700	984,652	2,200	982,452
SERVICE FUNDS:							
Civil Fund, 8 per cent. Capital - -	5 per cent.(*b*)	642	25,670	88,949	114,619	25,208	89,411
„ 4 „ „ - -	4 „	708	35,405	2,490	37,895	1	37,894
Apothecaries' Fund - - - -	4 „	60	3,022	3,967	6,989	2,165	4,824
TOTAL Service Funds - - - £.		1,410	64,097	95,406	159,503	27,374	132,129
BILLS PAYABLE:							
Bills drawn and advised, but not accepted or paid.	Bearing no interest.	- -	7,705	236,046	243,751	218,683	25,068
Unpaid Money Orders - - - -	- ditto -	- -	2,975	48,366	51,341	49,194	2,147
Unpaid Cheques of the Public Works Department.	- ditto -	- -	73,840	- -	- -	- -	16,488
Bills of the Secretary of State outstanding	- ditto -	- -	7,800	94,716	102,516	102,516	—
TOTAL Bills Payable - - - £		- -	92,320	- -	- -	- -	43,703
DEPOSITS AND MISCELLANEOUS:							
General Deposits - - - - -	Bearing no interest.	- -	222	3	225	282	—57
Revenue Deposits - - - - -	- ditto -	- -	126,175	131,067	257,242	144,089	113,153
Civil, Criminal, and High Courts' Deposits	- ditto -	- -	92,282	129,057	221,339	124,812	96,527
Personal Deposits - - - - -	- ditto -	- -	131,579	638,054	769,633	630,712	138,921
Deceased Men's and Deserters' Deposits -	- ditto -	- -	73	1	74	- -	74
Deposits of the Madras Infirmary and Native Poor Asylum.	6 per cent.	201	6,688	- -	6,688	- -	6,688
Deposits on account of the Estate of the late Pogoss Petras.	5 „	3	126	- -	126	- -	126
Presidency Savings Bank Deposits - -	3¾ „	4,571	243,784	39,985	283,769	47,674	236,095
Endowments by Callah Singawnee Chetty for four Choultries for the accommodation of Travellers.	6 „	125	4,177	- -	4,177	- -	4,177
Balance of the Local Government - -	Bearing no interest.	- -	26,614	470,735	497,349	462,163	35,186
Local Funds - - - - - -	- ditto -	- -	37,831	390,252	428,083	254,700	173,383
Regimental Savings Bank Deposits - -	3¾ per cent.	710	37,850	13,530	51,380	6,278	45,102
Military Miscellaneous Deposits - -	Bearing no interest.	- -	89,191	9,147	98,338	18,986	79,352
TOTAL Deposits and Miscellaneous - - - £.		5,610	796,592	1,821,831	2,618,423	1,689,696	928,727
TOTAL MADRAS - - - £.		27,476	1,962,739	- -	- -	- -	2,116,789

(*a*) This is exclusive of the 4 per cent. paid as donation and charged to Grant 28, "Superannuation, &c. Allowances."
(*b*) Exclusive of the 3 per cent. paid as donation, and charged to Grant 28.

DETAILED STATEMENT—*continued.*

PARTICULARS.	Rate of Interest.	Interest for a Half-year on the Amount of Debts, &c., Outstanding on 31st March 1878.	Amount of Loans, Debts, &c., on 31st March 1878.	Debt incurred in the Half-year ending 30th September 1878.	TOTAL.	Debt Paid off in the Half-year.	Amount of Loans, Debts, &c., on 30th September 1878.
BOMBAY:		£.	£.	£.	£.	£.	£.
TREASURY NOTES:							
Treasury Notes, Bombay Island Police Fund.	5 per cent.	219	8,750	- -	8,750	- -	8,750
SERVICE FUNDS:							
Civil Fund - - - - - - -	8 per cent.	26,334	658,359	9,813	668,172	22,649	645,523
Uncovenanted Service Family Pension Fund (Widows' Fund).	6 „	1,184	39,456	3,478	42,934	79	42,855
Uncovenanted Service Life Assurance Fund	4 „	19	954	194	1,148	- -	1,148
„ „ Children's Fund -	6 „	- -	12	9	21	- -	21
Bombay City Police Superannuation Pension Fund.	4½ „	590	26,232	801	27,033	1,196	25,837
TOTAL Service Funds - - - £.		28,127	725,013	14,295	739,308	23,924	715,384
BILLS PAYABLE:							
Bills of the Secretary of State outstanding	Bearing no interest.	- -	506,800	1,707,000	2,213,800	1,756,300	457,500
Bills drawn in India, not paid - -	- ditto -	- -	20,007	450,627	470,634	443,749	26,885
Unpaid Money Orders - - - - -	- ditto -	- -	2,256	50,089	52,345	49,898	2,447
Unpaid Cheques of the Public Works Department.	- ditto -	- -	45,596	- -	- -	- -	6,306
TOTAL Bills Payable - - - £.		- -	574,659	- -	- -	- -	493,138
DEPOSITS AND MISCELLANEOUS:							
General Deposits - - - - - -	Bearing no interest.	- -	74,951	140,351	215,302	96,845	118,457
Revenue Deposits (including Customs, Opium and Salt).	- ditto -	- -	32,854	102,158	135,012	92,029	42,983
High Court Deposits - - - - -	- ditto -	- -	12,094	11,918	24,012	8,976	15,036
High Court Judicial Receipts - -	- ditto -	- -	2,489	- -	2,489	130	2,359
Other Civil Courts' Deposits - - -	- ditto -	- -	27,796	49,550	77,346	41,855	35,491
Criminal Courts' Deposits - - -	- ditto -	- -	3,523	5,074	8,597	5,034	3,563
Personal Deposits - - - - - -	- ditto -	- -	62,601	198,282	260,883	217,701	43,182
Deceased Men's and Deserters' Deposits	- ditto -	- -	992	80	1,072	- -	1,072
Deposits for Government Loan - -	- ditto -	- -	505	8,050	8,555	5,050	3,505
Endowments for Charitable Institutions -	5 per cent.	792	31,683	- -	31,683	- -	31,683
„ „ „ „	6 „	1,883	62,779	217	62,996	- -	62,996
Administrator General's Deposits - -	3¾ „	263	14,000	- -	14,000	- -	14,000
Presidency Savings Bank Deposits - -	3¾ „	17,124	913,255	72,133	985,388	94,268	891,120
Marine Deposits - - - - - -	Bearing no interest.	- -	4,004	2,488	6,492	1,167	5,325
Penalties on Native States for Robbery of Mails.	- ditto -	- -	138	12	150	- -	150
Mint Certificates - - - - - -	- ditto -	- -	35,376	2,835,230	2,870,606	2,810,015	60,591
Balance of the Local Government - -	- ditto -	- -	163,073	1,503,048	1,666,121	1,487,877	178,244
Local Funds - - - - - - -	- ditto -	- -	43,819	38,256	82,075	44,503	37,572
Regimental Savings Bank Deposits -	3¾ per cent.	853	45,519	16,109	61,628	8,216	53,412
Military Miscellaneous Deposits - -	Bearing no interest.	- -	53,370	78,649	132,019	83,873	48,146
TOTAL Deposits and Miscellaneous - - - £.		20,915	1,584,821	5,061,605	6,646,426	4,997,539	1,648,887
TOTAL BOMBAY - - - £.		49,261	2,893,243	- -	- -	- -	2,866,159
PUBLIC WORKS DEPARTMENT:							
DEPOSITS AND MISCELLANEOUS:							
Deposits - - - - - - -	Bearing no interest.	- -	174,716	- -	- -	- -	259,935

RETURN of all Stocks, Loans, Debts, and Liabilities in *India*, Chargeable on the Revenues of *India*, at the Close of the Half-year ending on 30th September 1878, with Rates and Amount of Interest, showing the Changes which have taken place in the Half-year in respect to the Debts Incurred and Paid off or Discharged.

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EAST INDIAN RAILWAY

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CLASS

RETURN to an Address of the Honourable The House of dated 3 July 1879;—*for,*

"EXTRACTS from the CONTRACTS or AGREEMENTS between the East India Company or the Government of *India* respectively with any Company for the Construction of a RAILWAY in *India* (excepting the EAST INDIAN RAILWAY), showing the Terms or Conditions upon which the Government of *India* have the Right to purchase or acquire such RAILWAY respectively, or under which such RAILWAY would become vested in the Government of *India*."

India Office,
16 July 1879.

EDWARD STANHOPE,
Under Secretary of State for India.

GREAT INDIAN PENINSULA RAILWAY COMPANY.

EXTRACTS from a CONTRACT between the East India Company and the Great Indian Peninsula Railway Company, dated 17th August 1849.

21. THAT at the end of the said term of 99 years,* by effluxion of time, the land to be provided as aforesaid with the railway thereon, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever, shall revert to and become the property of the East India Company, on account of the Government of India, free from all debts and charges whatever, save such as shall have been sanctioned by the East India Company; and any lands in Great Britain which may then be held by the said railway company for the purpose of their business shall be sold, and the clear monies produced by such sale shall be paid to the East India Company on the same account; and the said railway company shall deliver to the East India Company as their property on the same account, all plans, surveys, sections, books, printings, writings, and documents whatsoever in anywise connected with the undertaking and affairs of the said railway company; and the said railway company shall sell to the East India Company, who shall be bound to purchase the same, all the engines, carriages, stock, machinery, and plant, which shall then be used in working the said railway, or otherwise in connection therewith, for such sum of money as shall be determined by a valuation to be made by referees or their umpire, in case of difference, to be respectively appointed in the usual manner, and the East India Company shall pay to the said railway company in London the sum of money to be so determined within four months after such determination, with interest thereon at the rate of 5 *l.* per cent. per annum from the expiration of the said term of 99 years. Ultimate rights of property.

22. That after the said experimental line of railway shall have been finished and in work for three calendar months at least, it shall be lawful for the said railway company, then, or at any time thereafter, to give notice in writing of their intention to surrender and relinquish the said railway and works to the East India Company on any day to be mentioned in such notice, so that such notice be served at least six calendar months before that day, both on the East India Surrender.

* From date of contract.

India Company in London, and also on the Secretary of Government at Bombay, and in case of such notice being given, the said railway company shall at the expiration thereof surrender and relinquish the said railway and works accordingly, together with the telegraphs (if any), and shall with all convenient speed sell any lands in Great Britain which may then be held by the said railway company for the purpose of their business, and pay the clear monies to be produced by such sale to the East India Company, and shall deliver to the East India Company the engines, carriages, stock, plant, and machinery belonging to the said railway and works, and all plans, surveys, sections, books, printings, writings, and documents whatsoever connected with the undertaking and affairs of the said railway company, and the East India Company shall be bound to accept the premises to be so surrendered and delivered (it being expressly agreed that the said railway works, telegraphs, engines, carriages, stock, plant, and machinery, shall, at the time of such surrender and delivery, be in good working order), according to the covenant in that behalf hereinbefore contained, on the part of the said railway company; and immediately upon such surrender and delivery being made, the East India Company shall be bound to pay to the said railway company the capital expended by the said railway company, ascertained and certified in manner hereinbefore mentioned, together with such part (if any) of the said sum of 500,000 *l.* as shall remain in the hands of the East India Company, and thereupon the aforesaid covenants for payment of interest shall cease, as from the day upon which the East India Company shall be bound to accept the said railway and works, and all claims by the East India Company on account of interest or otherwise on the said railway company shall also cease, except that the East India Company shall be at liberty to retain out of any monies payable to the said railway company the amount of all other claims or demands of any sort then existing against the said railway company, on their revenue account, in respect of their undertaking, and which shall not be shown to have been fully satisfied and discharged until the same shall be shown to be so satisfied and discharged: Provided also, that the East India Company shall not be liable to refund any sum expended in the maintenance or working of the line after the same shall have been opened, which sum is to be provided by the railway company out of the revenues of the line, and interest as hereinbefore provided, or otherwise.

Right of purchase.

23. That at any time within six calendar months after the expiration of the first* 25 years of the said term of 99 years, or at any time within six calendar months after the expiration of the first 50 years of the said term, it shall be lawful for the East India Company to give notice to the said railway company in London and at Bombay of their intention to purchase the said railway and works, together with the telegraphs (if any) and the engines, carriages, stock, plant, and machinery belonging to the said railway and works, but subject to such debts and liabilities (if any) as may have been incurred to the East India Company (exclusive of any arrears of interest on the capital of the said railway company, which shall have been paid under the conditions of this agreement, and which shall then be still due), or to any person or persons, with the sanction of the East India Company, and to interest on such of the said debts as carry interest from the day on which they shall take possession of the said railway, but not from any earlier time, and thereupon at the half-yearly day next but one following such notice, the land to be provided as aforesaid with the railway thereon, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever, shall revert to and become the property of the East India Company, as the owners thereof, by purchase, on account of the Government of India; and in case any lands in Great Britain shall then be held by the said railway company for the purpose of their business, the same shall be sold, and the clear monies to be produced by such sale shall be paid to the East India Company; and the said railway company shall at the same time deliver to the East India Company the engines, carriages, stock, plant, and machinery belonging to the said railway and works, and all plans, surveys, sections, books, printings, writings, and documents whatsoever, in anywise connected with the undertaking and affairs of the said railway company; and the East

* The right to purchase at the end of 25 years was subsequently relinquished. (*See* Extract, Contract dated 30th November 1870, Clause 5.)

East India Company shall be bound to pay in London, on the said half-yearly day, for the purchase of all the same premises, the full amount of the value of all the shares or capital stock in the said railway company, calculated according to the mean market value in London of such shares or stock, during the three years immediately preceding the expiration of the said period of 25 years or the said period of 50 years, as the case may be; and shall also be bound to indemnify the said railway company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the East India Company, and as shall be then subsisting; and thereupon the aforesaid covenant for payment of interest shall cease.

Possession as a remedy.

24. That if default shall be made by the said railway company in the payment of the said sum of 500,000*l.*, or any of the instalments thereof, or in the due application of any monies drawn from the treasury in London or India as aforesaid, or in the execution of the said railway and works conformably with their aforesaid covenant in that behalf, or in case the said railway shall not be worked to the satisfaction of the East India Company, or in case of any other breach on the part of the railway company of any of the covenants herein contained, it shall be lawful for the East India Company, on giving to the said railway company at Bombay three calendar months' notice of their intention in that behalf, to terminate the interest of the said railway company in the said land, railway, telegraphs, and works, and to assume possession of the said land, railways, telegraphs, and works, and of all or any of the engines, carriages, stock, plant, and machinery provided for the same; and all plans, surveys, sections, books, printings, writings, and documents whatsoever, in anywise connected with the undertaking and affairs of the said railway company; and in that case any lands in Great Britain which may then be held by the said railway company for the purpose of their business shall, with all convenient speed, be sold, and the clear monies to be produced by such sale shall be paid to the East India Company; and in case of such notice being given, the East India Company shall be liable to repay, within six calendar months of its expiration, to the said railway company in London, the capital expended by the railway company so ascertained and certified, as hereinbefore mentioned, after a proper deduction for all debts and liabilities then affecting the said railway company, or the property of the said railway company, the money so to be repaid to include so much (if any) of the said sum of 500,000*l.* as shall then remain in the hands of the East India Company. And thereupon the aforesaid covenants of the East India Company for payment of interest shall cease, and all claims by the East India Company on the said railway company shall also cease.

Annuity compensation.

26. That in every or any case in which, under the provision of these presents, the East India Company shall become bound to repay the capital expended by the said railway company as aforesaid, or in which the East India Company shall become liable to pay for the purchase of the said railway, works, and stock, before the expiration of the said term of 99 years, it shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said railway company in London their option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years, and, in that case, such annuity shall be payable in London on such two half-yearly days in the year as shall be selected by the East India Company in that behalf, with a fractional part for any broken half-year, the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years, received in London upon public obligations of the East India Company, and which shall be ascertained by reference to the Governor or Deputy Governor of the Bank of England for the time being: Provided always, that the aforesaid option shall not apply to the undrawn portion of the aforesaid sum of 500,000*l.*, which portion is to be repaid to the said railway company with interest, under the provisions in that behalf hereinbefore contained, in case the said railway company shall relinquish or be deprived of the said experimental railway and works, as aforesaid.*

* These provisions are repeated in subsequent contracts between the Railway Company and the East India Company, and between the Railway Company and the Secretary of State in Council of India.

EXTRACT from the Contract between the Secretary of State in Council of India and the Great Indian Peninsula Railway Company, dated 30th November 1870.

Release of power to purchase on the expiration of first 25 years of term of 99 years.

5. THAT the Secretary of State in Council hereby releases and gives up the right which the Secretary of State in Council would otherwise so, as aforesaid, have under or by virtue of the said indentures of the 17th of August 1849, and and 2nd August 1853, and the 15th November 1854, or under some or one of them, or otherwise, of purchasing the said railways and works within six calendar months after the expiration of the first 25 years of the said term of 99 years, which 25 years will expire in August 1874.

MADRAS RAILWAY COMPANY.

EXTRACT from the CONTRACT between the East India Company and the Madras Railway Company, dated 2nd January 1871, being the Contract now in force.*

Ultimate rights of property.

7. THAT the 21st clause of the said indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause as to the ultimate rights of property in each of the said indentures of the 19th day of December 1855, and the 13th day of August 1858, shall, as from the said 1st day of July 1870, be rescinded, and have no effect, and that in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect, viz., "That at the expiration by effluxion of time of the said term of 99 years hereby agreed to be granted, the land to be provided, as in the said several indentures respectively mentioned, with all the said railways, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever belonging thereto, respectively, shall revert to and become the property of Her Majesty, Her heirs and successors for the purposes of the Government of India, free from all debts and charges whatsoever, save such as shall have been sanctioned by the Secretary of State in Council, and any lands in Great Britain which may then be held by the company for the purposes of their undertakings shall be sold, and the clear monies produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council, and the company shall deliver to the Secretary of State in Council as his property on the same account all plans, surveys, sections, books, printings, writings, drawings, and documents whatsoever, in anywise connected with the undertakings and affairs of the company, or any of them. And the company shall sell, and the Secretary of State in Council on behalf of Her Majesty, and for the purposes of the Government of India, shall purchase all the engines, carriages, stock, machinery, and plant which shall then be used in working the said railways, or any of them, or otherwise in connection therewith, or belonging thereto, for such sum of money as shall be the fair value thereof, the same to be determined in case of difference by a valuation to be made by referees or their umpire, in case of difference to be respectively appointed in the usual manner, and the Secretary of State in Council shall pay to the company in London the sum of money to be so determined within four months after such determination, with

* The first contract between the East India Company and the Madras Railway Company is dated 22nd December 1852. It contains provisions in regard to the construction of a railway from Madras "towards the western coast of India."

On the 19th December 1855 a further contract was entered into between the same parties, providing that this railway should proceed "to the western coast of India, with a branch to Bangalore and to the foot of the hills towards Ootacamund."

On the 13th August 1858 a further contract was entered into between the same parties, in regard to the construction, with a separate capital account, of a railway commencing "at or near Madras," and proceeding "in a north-westerly direction to or near Bellary."

On the 2nd January 1871 a contract was entered into between the Secretary of State in Council of India and the Madras Railway Company, whereby it was agreed that the several undertakings of the company should be consolidated into one concern, and that the lease for 99 years should commence from 1st April 1857.

with interest thereon at the rate of five per cent. per annum from the expiration of the said term of 99 years, hereby agreed to be granted."

Clause 8, "Surrender," is similar to the clause on the subject in the Great Indian Peninsula Railway Contract, given *in extenso* on page 2.

Right of purchase.

9. That the 23rd clause of the said indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause as to right of purchasing in each of the said indentures of the 19th day of December 1855, and the 13th day of August 1858, shall, as from the said 1st day of July 1870, be rescinded and have no effect, and that in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall thenceforth have effect, viz.: "That at any time within six calendar months after the expiration of the first 50 years of the said term of 99 years hereby agreed to be granted, it shall be lawful for the Secretary of State in Council to give notice to the company in London and at Madras of his intention to purchase on behalf of Her Majesty for the purposes of the Government of India the said railways and works, together with the telegraphs (if any), and the engines, carriages, stock, plant, and machinery belonging to the said railways and works, but subject to such debts and liabilities (if any) as may be incurred to Her Majesty or the Secretary of State in Council, or to any person or persons with the sanction of the Secretary of State in Council, and to interest on such of the said debts as carry interest from the day on which possession shall be taken of the said railways and premises, but not from any earlier time, and thereupon at the half-yearly day next but one following such notice, the land provided, or to be provided as aforesaid, with the railways thereon, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever connected therewith respectively, shall revert to and become the property of Her Majesty for the purposes of the Government of India; and in case any lands in Great Britain shall then be held by the company for the purposes of their undertakings and business the same shall be sold, and the clear monies to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council of India, and the company shall at the same time deliver to the Government, or their authorised agents, for the purpose of the Government of India, the engines, carriages, stock, plant, and machinery belonging to the said railways and works, and all plans, surveys, sections, books, printings, writings, and documents whatsoever in anywise connected with the undertakings and affairs of the company, and the Secretary of State in Council shall be bound to pay in London on the said half-yearly day for the purchase of all the same premises, a sum equal to the full amount of the value of all the shares or capital stock (but not including debenture stock) (if any) in the said railway company, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period of 50 years, and shall also be bound to indemnify the company against all such debts and liabilities (if any) as they may have incurred, to or with the sanction of the Secretary of State in Council, in respect of the said railways, or any of them, and as shall be then subsisting, and thereupon the covenants in the said indentures respectively contained for payment of interest shall cease.

Clause 10, "Possession as a remedy," is similar to the clause on the subject in the Great Indian Peninsula Railway Contract, given in *extenso* on page 3.

Annuity commutation.

12. That the 26th clause of the said indenture of the 22nd day of December 1852, so far as the same is in force, and the corresponding clause as to the annuity commutation in each of the said indentures of the 19th day of December 1855, and the 13th day of August 1858, shall, as from the said 1st day of July 1870, be rescinded and have no effect, and in lieu of the said several clauses so rescinded as last aforesaid, the following clause shall henceforth have effect, viz.:—

"That in every or any case in which, under the provisions of these presents, the Secretary of State in Council shall become bound to repay the capital expended by the said railway company as aforesaid, or in which the Secretary of State in Council shall become liable to pay for the purchase of the said railways and works and stock before the expiration of the said term of 99 years hereby agreed to be granted, it shall be lawful for the Secretary of State in Council, instead

instead of paying a gross sum of money in respect of the premises, to declare by notice to the company in London his option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years hereby agreed to be granted; and in that case such annuity shall be payable in London on such two half-yearly days in the year as shall be selected by the Secretary of State in Council in that behalf, with a fractional part for any broken half-year, the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the Government of India, and other public obligations paid in London by the Secretary of State in Council, and which shall be ascertained by reference to the Governor or Deputy Governor of the Bank of England for the time being: Provided always, that the aforesaid option shall not apply to the undrawn portion (if any) of the capital of the company raised for the purposes of the said railways and works, or any of them, which portion is to be repaid to the company with interest under the provision in that behalf hereinbefore contained in case the company shall relinquish or be deprived of the said railways and works as aforesaid."

BOMBAY, BARODA, AND CENTRAL INDIA RAILWAY COMPANY.

EXTRACTS from a CONTRACT between the East India Company and the Bombay, Baroda, and Central India Railway Company, dated 21st November 1855.

Ultimate rights of property.

20. THAT at the end of the said term of 99 years,* by effluxion of time, the land to be provided as aforesaid with the railway thereon, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever, shall revert to and became the property of the East India Company on account of the Government of India, free from all debts and charges whatever (save such as shall have been sanctioned by the said East India Company), and any lands in Great Britain which may then be held by the said railway company for the purpose of their business shall be sold, and the clear monies to be produced by such sale shall be paid to the East India Company on the same account; and the said railway company shall deliver to the East India Company as their property on the same account all plans, surveys, sections, books, printings, writings, drawings, and documents whatsoever, in anywise connected with the undertaking and affairs of the said railway company, and the said railway company shall sell to the East India Company, who shall be bound to purchase the same, all the engines, carriages, stock, machinery, and plant which shall then be used in working the said railway, or otherwise in connection therewith, for such sums of money as shall be the fair value thereof, the same to be determined in case of difference by a valuation to be made by referees or their umpire, to be respectively appointed in the usual manner; and the East India Company shall pay to the said railway company in London the sums of money to be so determined within four months after such determination, with interest thereon at the rate of five per cent. per annum for the expiration of the said term of 99 years.

Clause 21, "Surrender," is similar to the clause on the subject in the Great Indian Peninsula Railway Contract, given *in extenso* on page 2.

Purchase.

22. That at any time within six calendar months after the expiration of the first 25† years of the said term of 99 years, or at any time within six calendar months after the expiration of the first 50 years of the same term, it shall be lawful for the East India Company to give notice to the said railway company in London and at Bombay of their intention to purchase the said railway and works, together with the telegraphs (if any), and the engines, carriages, stock, plant, and machinery belonging to the said railway and works, but subject to such

* From date of contract.

† The right to purchase at the end of 25 years was subsequently relinquished. (*See* Extracts, Contrac dated 17th November 1871, Clauses 21 and 22.)

such debts and liabilities (if any) as may have been incurred to the East India Company (exclusive of any arrears of the interest on the capital of the said railway company paid by the East India Company) under the conditions of this agreement which shall not have been repaid, or to any person or persons, with the sanction of the East India Company, and to interest on such of the said debts as carry interest from the day on which they shall take possession of the said railway, but not from any earlier time; and thereupon, at the half-yearly day next but one following such notice, the land to be provided as aforesaid, with the railway thereon, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever, shall revert to and become the property of the East India Company, as the owners thereof by purchase on account of the Government of India; and in case any lands in Great Britain shall then be held by the said railway company for the purpose of their business, the same shall be sold, and the clear monies to be produced by such sale shall be paid to the East India Company; and the said railway company shall at the same time deliver to the East India Company the engines, carriages, stock, plant, and machinery belonging to the said railway and works, and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise connected with the undertaking and affairs of the said railway company; and the East India Company shall be bound to pay in London, on the said half-yearly day, for the purchase of all the same premises, the full amount of the value of all the shares or capital stock in the said railway company issued or created for the purposes of this contract, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period of 25 years, or the said period of 50 years, as the case may be, and shall also be bound to indemnify the said railway company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the East India Company, and as shall be then subsisting, and thereupon the covenants hereinbefore contained for payment of interest shall cease.

Clause 23, " Possession as a remedy," is similar to the clause on the subject in the Great Indian Peninsula Railway Contract, given *in extenso* on page 3.

Annuity commutation.

25. That in every or any case in which, under the provisions of these presents, the East India Company shall, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said railway company upon the said line of railway as aforesaid, or to pay for the purchase of the said railway works and stock, it shall be lawful for the East India Company, instead of paying a gross sum of money in respect to the premises, to declare by notice to the said railway company in London their option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years; and in that case such annuity shall be payable in London on such two half-yearly days in the year as shall be selected by the East India Company in that behalf, with a fractional part for any broken half-year, the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the East India Company, and which shall be ascertained by reference to the Governor or Deputy Governor of the Bank of England for the time being: Provided always, that the aforesaid option shall not apply to the undrawn portion of the capital of the said railway company, which portion is to be repaid to the said railway company with interest, under the provision in that behalf hereinbefore contained, in case the said railway company shall relinquish or be deprived of the said railway and works as aforesaid.*

* These provisions are repeated in a subsequent contract between the Secretary of State in Council of India and the railway company, and are now in force, with the exception noticed in the indenture dated 17th November 1871.

EXTRACTS from a CONTRACT between the Secretary of State in Council of India and the Bombay, Baroda, and Central India Railway Company, dated 17th November 1871.

Relinquishment of power of Government to purchase the railway and works after first 25 years.

21. THAT the Secretary of State in Council will not exercise the powers vested in him under the said indentures of the 21st day of November 1855, and the 2nd day of February 1859, or either of such indentures, of purchasing the said railways and works within six calendar months after the expiration of the first 25 years of the said term of 99 years by the same indentures respectively agreed to be granted, but will relinquish and give up such powers.

Covenant and provisions of previous indentures not rescinded.

22. That all the covenants and provisions of the said indentures of the 21st day of November 1855, and the 2nd day of February 1859 respectively, so far as the same are susbsisting and capable of taking effect, and are not rescinded or modified by Clauses 20 and 21 hereinbefore contained, and in particular the powers of the Secretary of State in Council to purchase the said railways and works at any time within six calender months after the expiration of the first 50 years of the said term, shall remain in full force and have effect as if these presents had not been executed.

SIND, PUNJAB, AND DELHI RAILWAY COMPANY.

EXTRACTS from a CONTRACT between the Secretary of State in Council of India and the Sind, Punjab, and Delhi Railway Company, dated 22nd June 1870.*

Ultimate rights of property.

8th. THAT from and after the time of amalgamation the 20th clause of the said indenture of the 26th day of December 1855, and the corresponding clauses in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid, the following clause shall have effect, *videlicet*:—

"That at the end of the said term of 99 years hereby agreed to be granted by effluxion of time the land to be provided as in the said several indentures respectively mentioned, with all the said railways and the flotilla, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever belonging thereto respectively, shall revert to and become the property of Her Majesty, Her heirs and successors, for the purposes of the Government of India, free from all debts and charges whatsoever, save such as shall have been sanctioned by the Secretary of State in Council, and any lands in Great Britain which may then be held by the company for the purposes of their undertaking shall be sold and the clear monies produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council, and the company shall deliver to the Secretary of State in Council as their property on the same account all plans, surveys,

*By an indenture dated 26th December 1853, entered into between the East India Company and the "Sind" Railway Company, provision was made for the construction of a railway from Kurrachee "to a point at or near Hyderabad."

By an indenture dated 7th February 1859, between the Secretary of State in Council of India and the "Sind" Railway Company, provision was made for the establishment of the "Indus Steam Flotilla," with capital carried to a separate capital account.

By an indenture executed by the same parties, and dated 4th March 1859, provision is made for the construction, also with separate capital, of a railway commencing at or near Mooltan, and proceeding to or near to Lahore and Umritsur.

By an indenture dated 23rd June 1863, entered into by the same parties, provision is made for the construction, with capital carried to a separate account, of a railway commencing at or near Umritsur, and proceeding to or near to Delhi.

By an indenture entered into by the same parties on the 22nd June 1870, it was agreed that these several undertakings should be amalgamated, and that the company should in future be designated the "Sind, Punjab, and Delhi Railway Company." By this indenture it was further agreed that the new lease to be granted for 99 years should commence from the 1st January 1860. This contract, from which the extracts given above are taken, is the one now in force in relation to the Sind, Punjab, and Delhi Railway Company.

surveys, sections, books, printings, writings, drawings, and documents whatsoever in anywise connected with the undertakings and affairs of the company or any of them, and the company shall sell and the Secretary of State in Council on behalf of Her Majesty and for the purposes of the Government of India shall purchase, all the engines, carriages, steamboats, vessels, stock, machinery, and plant which shall be then used in working the said railways and flotilla or any of them, or otherwise in connection therewith or belonging thereto, for such sum of money as shall be the fair value thereof, the same to be determined in case of difference by a valuation to be made by referees or by their umpire, to be respectively appointed in the usual manner, and the Secretary of State in Council shall pay out of the revenues of India to the company in London the sum of money to be so determined within four months after such determination, with interest thereon at the rate of 5 *l.* per cent. per annum from the expiration of the said term of 99 years hereby agreed to be granted."

Clause 9, "Surrender," is similar to the clause on the subject in the Great Indian Peninsula Railway Contract, given *in extenso* on page 2.

10th. That, from and after the time of amalgamation, the 22nd clause of the said indenture of the 26th day of December 1855, and the corresponding clause in each of the said indentures of the 7th of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid, the following clause shall have effect, *videlicet*:— Purchase.

"That at any time within six calendar months after the expiration of the first 25 years of the said term of 99 years hereby agreed to be granted, or at any time within six calendar months after the expiration of the first 50 years of the same term, it shall be lawful for the Secretary of State in Council to give notice to the company in London and at Lahore, of his intention to purchase on behalf of Her Majesty, for the purposes of the Government of India, the said railways, flotilla, and works, together with stations and telegraphs, and the engines, carriages, steamboats, vessels, stock, plant, and machinery belonging to the said railways, flotilla, and works, or any of them, but subject to such debts and liabilities (if any) as may have been incurred to Her Majesty or to the Secretary of State in Council, or to any person or persons, with the sanction of the Secretary of State in Council, and to interest on such of the said debts as carry interest, from the day on which possession shall be taken of the said railways, flotilla, and premises, but not from any earlier time, and thereupon at the half-yearly day but one following such notice, the land provided by the Secretary of State in Council, with the railways thereon, and the flotilla, and all buildings, works, fixed machinery, stations, telegraphs, and conveniences whatsoever connected therewith respectively, shall revert to and become the property of Her Majesty for the purposes of the Government of India. And in case any lands in Great Britain shall then be held by the company for the purpose of their undertakings, the same shall be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council of India, and the company shall at the same time deliver to the Government or their authorised agents on behalf of Her Majesty, for the purpose of the Government of India, the engines, carriages, steamboats, vessels, stock, plant, and machinery belonging to the said railways, flotilla, and works, and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise relating thereto respectively, and the Secretary of State in Council shall be bound to pay in London out of the revenues of India on the said half-yearly day for the purchase of all the same premises a sum equal to the amount of the value of all the shares and capital stock in the company, issued or created for the purposes of the said railways and flotilla, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period of 25 years, or the said period of 50 years, as the case may be. And shall also be bound to indemnify the company against all such debts and liabilities (if any) as they may have incurred to or with the sanction

of the Secretary of State in Council, in respect of the said railways and flotilla, or any of them, and as shall be then subsisting, and thereupon the covenants in the said indentures respectively contained, for payment of interests shall cease."

Clause 11, "Possession as a remedy," is similar to the clause on the subject in the Great Indian Peninsula Railway Contract, given *in extenso* on page 3.

Annuity commutation.

13th. That, from and after the time of amalgamation, the 25th clause of the said indenture of the 26th day of December 1855, and the corresponding clause in each of the said indentures of the 7th day of February 1859, the 4th day of March 1859, and the 23rd day of June 1863, shall be rescinded and have no effect, and that in lieu of the several clauses so rescinded as last aforesaid, the following clause shall have effect, *videlicet*:—

"That in every or any case in which under the provisions of these presents the Secretary of State in Council shall before the expiration of the said term of 99 years, hereby agreed to be granted, become bound to repay the capital expended by the company upon the said railways, flotilla, and works as aforesaid, or to pay for the purchase of the said railways, flotilla, works, and stock; it shall be lawful for the Secretary of State in Council, instead of paying a gross sum of money in respect of the premises, to declare by notice to the company in London their option to pay an annuity to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years hereby agreed to be granted, and in that case such annuity shall be payable in London on such two half-yearly days in the year as shall be selected by the Secretary of State in Council in that behalf, with a fractional part of any broken half-year, the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years, received in London upon public obligations of the Government of India, and other public obligations issued in London by the Secretary of State in Council, and which shall be ascertained by reference to the Governor or Deputy Governor of the Bank of England for the time being. Provided always, that the aforesaid option shall not apply to the undrawn portion (if any) of the capital of the company raised for the purposes of the said railways and flotilla, or any them, which portion is to be repaid to the company with interest under the provision in that behalf hereinbefore contained in case the company shall relinquish or be deprived of the said railways, flotilla, and works as aforesaid."

EASTERN BENGAL RAILWAY COMPANY.

EXTRACTS from a CONTRACT between the East India Company and the Eastern Bengal Railway Company, dated 30th July 1858.

Ultimate rights of property.

20. THAT at the end of the said term of 99 years by effluxion of time, the land to be provided as aforesaid with the railway thereon, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever belonging to or connected with the said railway, shall revert to and become the property of the East India Company, on account of the Government of India, free from all debts and charges whatsoever (save such as shall have been sanctioned by the East India Company), and any lands in Great Britain which may then be held by the said railway company for the purpose of their business shall be sold, and the clear monies to be produced by such sale shall be paid to the East India Company on the same account; and the said railway company shall deliver to the East India Company as their property on the same account all plans, surveys, sections, books, printings, writings, drawings, and documents whatsoever, in anywise connected with the undertaking and affairs of the said railway company; and the said railway company shall sell to the East India Company, who shall be bound to purchase the same, all the moveable engines, carriages, stock, machinery, and plant,

plant, and floating bridges and ferries, which shall be then used in working the said railway, or otherwise in connection therewith or belonging thereto, for such sum of money as shall be the fair value thereof, the same to be determined in case of difference by a valuation to be made by referees or their umpire, in the manner provided by the Company's Clauses Consolidation Act, 1845; and the East India Company shall pay to the said railway company in London the sum of money to be so determined, within four months after such determination, with interest thereon at the rate of 5 *l.* per cent. per annum from the expiration of the said term of 99 years.

Clause 21, "Surrender," is similar to the clause on the subject in the Great Indian Peninsula Railway Contract, given *in extenso* on page 2.

Purchase.

22. That at any time within six calendar months after the expiration of the first 25 years of the said term of 99 years, or at any time within six calendar months after the expiration of the first 50 years of the same term, it shall be lawful for the East India Company to give notice to the said railway company in London and at Calcutta of their intention to purchase the said railway and works, together with the stations and telegraphs (if any), and the engines, carriages, stock, plant, and machinery, and floating bridges and ferries, belonging to the said railway and works, or in connection therewith, but subject to such debts and liabilities (if any) as may have been incurred to the East India Company (exclusive of any arrears of interest on the capital of the said railway company paid by the East India Company under the conditions of this agreement which shall not have been repaid), or to any person or persons with the sanction of the East India Company, and to interest on such of the said debts as carry interest from the day on which they shall take possession of the said railway, but not from any earlier time; and thereupon, at the half-yearly day next but one following such notice, the land to be provided as aforesaid with the railway thereon, and all buildings, works, fixed machinery, stations, telegraphs, and conveniences whatsoever, shall revert to and become the property of the East India Company, as the owners thereof by purchase, on account of the Government of India. And in case any lands in Great Britain shall then be held by the said railway company for the purpose of their business, the same shall be sold, and the clear moneys to be produced by such sale shall be paid to the East India Company. And the said railway company shall at the same time deliver to the East India Company the engines, carriages, stock, plant, and machinery, and floating bridges and ferries, belonging to the said railway and works, or in connection therewith, and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise connected with the undertaking and affairs of the said railway company, or relating thereto; and the East India Company shall be bound to pay in London, on the said half-yearly day for the purchase of all the same premises, a sum equal to the full amount of all the value of all the shares and capital stock in the said railway company, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period of 25 years, or the said period of 50 years, as the case may be, and shall also be bound to indemnify the said railway company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the East India Company, and as shall be then subsisting, and thereupon the covenants hereinbefore contained for payment of interest shall cease.

Clause 23, "Possession as a remedy," is similar to the clause on the subject in the Great Indian Peninsula Railway Contract, given *in extenso* on page 3.

Annuity commutation.

25. That in every or any case in which, under the provisions of these presents, the East India Company shall, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said railway company upon the said railway and works as aforesaid; or to pay for the purchase of the said railway works and stock, it shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said railway company in London their option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years; and in that case such annuity shall be payable in London, on such two half-yearly days in the year as shall be selected by the East India Company in that behalf, with a fractional

part for any broken half year, the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London, upon public obligations of the East India Company, and which shall be ascertained by reference to the Governor and Deputy Governor of the Bank of England for the time being: Provided always, that the aforesaid option shall not apply to the undrawn portion (if any) of the capital of the said railway company, which portion is to be repaid to the said railway company, with interest, under the provision in that behalf hereinbefore contained, in case the said railway company shall relinquish or be deprived of the said railway and works as aforesaid.

OUDE AND ROHILKUND RAILWAY COMPANY.

EXTRACTS from a CONTRACT, dated 2nd August 1867, between the Secretary of State in Council and the "Indian Branch Railway Company," subsequently designated the "Oude and Rohilkund Railway Company."

Term of lease.

9. THAT upon completion of the said railway, or of any part or parts thereof which shall have been required by the Secretary of State in Council to be completed before the construction of the remaining part, the Secretary of State in Council shall grant to the company a lease of or otherwise secure to them a right and title to the land which shall have been provided under the provisions hereinbefore contained, or of so much thereof as shall be required for the completed lines and for the works and conveniences thereto belonging, for a term of 999 years, commencing from the date of these presents, unless the same shall be sooner determined under the provisions herein contained, and the Secretary of State in Council shall guarantee to the company the right to and possession of such land as against any claimant, but shall not be called to show any title thereto.

Clause 20, "Surrender," is similar to the clause on the subject in the Great Indian Peninsula Railway Contract, given *in extenso* on page 2.

Purchase.

21. That at any time during the first six calendar months after the expiration of the 20th year, computed from the date of this contract, or at any time during the first six calendar months after the expiration of any succeeding 10th year, computed from the same date, up to and inclusive of the 990th year computed as aforesaid, in case no surrender shall have been made by the company under the last preceding clause, it shall be lawful for the Secretary of State in Council to give notice to the company in London and at Lucknow or elsewhere in India of his intention to purchase, on behalf of Her Majesty, for the purposes of the Government of India, the said railway and works, together with the stations and telegraphs (if any), and the engines, carriages, stock, plant, and machinery belonging to the said railway and works, but subject to such debts and liabilities (if any) as may have been incurred to Her Majesty or to the Secretary of State in Council (exclusive of any arrears of interest on the capital of the company paid by the Secretary of State in Council, under the conditions of this agreement, which shall not have been repaid), or to any person or persons, with the sanction of the Secretary of State in Council, and to interest on such of the said debts as carry interest, from the day on which possession shall be taken of the said railway, but not from any earlier time; and thereupon, at the half-yearly day next but one following such notice, the land to be provided as aforesaid, with the railway thereon, and all buildings, works, fixed machinery, stations, telegraphs, and conveniences whatsoever connected therewith, shall revert to and become the property of Her Majesty, for the purposes of the Government of India; and in case any lands in Great Britain shall then be held by the company for the purpose of their business or undertaking, the same shall be sold, and the clear monies to be produced by such sale shall be paid into the Bank

Bank of England, to the account of the Secretary of State in Council; and the company shall at the same time deliver to the Government of India or their authorised agents, on behalf of Her Majesty, for the purposes of such Government, the engines, carriages, stock, plant, and machinery belonging to the said railway and works, and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise relating thereto; and provided notice as aforesaid shall have been given at any time during the first six calendar months after the expiration of the 20th year, or of any 10th year thereafter, up to and inclusive of the 90th year computed as aforesaid, then the Secretary of State in Council shall be bound to pay in London, out of the revenues of India, on the said half-yearly day, for the purchase of all the same premises, a sum equal to the amount of the value of all the shares and capital stock in the company issued or created for the purposes of the said Indian Branch Railway, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the year during six months after the expiration of which such notice to purchase as aforesaid shall have been given (but not including any capital which may have been expended by the company otherwise than in accordance with the terms of this agreement), and shall also be bound to indemnify the company against all such debts and liabilities (if any) as they may have incurred to, or with the sanction of, the Secretary of State in Council, and as shall be then subsisting. But if notice as aforesaid shall have been given during the first six calendar months after the expiration of some 10th year subsequent to and computed from the aforesaid 90th year, in that case, instead of such payment as aforesaid, then the Secretary of State in Council shall be bound to pay out of the revenues of India to the company the capital expended by the company upon the said railway works and premises (such expended capital being ascertained and certified in the manner hereinbefore mentioned), after a proper deduction for all debts and liabilities then affecting the company or the property of the company, and also to indemnify the company against all such debts and liabilities (if any), as they may have incurred to, or with the sanction of, the Secretary of State in Council, and as shall be then subsisting; and in the event of purchase taking place in either of the two ways above described, the covenants hereinbefore contained for payment of interest shall cease.

Clause 23, "Possession as a remedy," is similar to the clause on the subject in the Great Indian Peninsula Railway Contract, given *in extenso* on page 3.

Capital expended may be paid in India Government Stock.

24. That in every or any case in which, under the provisions of these presents, the Secretary of State in Council shall, before the expiration of the said term of 999 years, become bound to repay the capital expended by the company upon the said railway and works as aforesaid, or to pay for the purchase of the said railway works and stock, it shall be lawful for the Secretary of State in Council, at his sole option, instead of paying a gross sum in respect of the premises, to transfer to the company, on the day on which such gross sum would have had to have been paid, such an amount of 5 *l.* per Cent. Government of India Stock, redeemable at par, at the option of such Government, as shall, taking such stock at par, amount to the sum which the Secretary of State in Council would have had to pay if he had chosen to make the payment in cash, and the amount of stock so transferred to the company shall be accepted by them in full payment and satisfaction of all moneys which the Secretary of State in Council shall have become bound to repay or pay as aforesaid: provided always, that the right to exercise such option shall not apply to the undrawn portion (if any) of the capital of the company raised for the purposes of the said railway, which portion is to be repaid to the company, with interest, under the provisions in that behalf hereinbefore contained, in case the company shall relinquish or be deprived of the said railway and works as aforesaid.

SOUTH INDIAN RAILWAY COMPANY.

EXTRACTS from a CONTRACT, dated 16th December 1873, between the Secretary of State in Council of India and the South Indian Railway Company.*

Ultimate rights of property.

29. THAT at the expiration by effluxion of time of the said term of 999† years hereby agreed to be granted, the land provided and to be provided in pursuance of these presents, with the railways thereon respectively, and all buildings, works, fixed machinery, telegraphs, and conveniences whatsoever, shall revert to and become the property of Her Majesty, her heirs, and successors, for the purposes of the Government of India, free from all debts and charges whatsoever (save such as shall have been sanctioned by the Secretary of State in Council), and any lands in Great Britain which may then be held by the company for the purposes of their business shall be sold, and the clear moneys produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council, and the company shall deliver to the Secretary of State in Council, for the purposes of the Government of India, all plans, surveys, sections, books, printings, writings, drawings, and documents whatsoever in anywise connected with the undertakings and affairs of the company, and the company shall sell, and the Secretary of State in Council, on behalf of Her Majesty and for the purposes of the Government of India, shall purchase all the engines, carriages, stock, machinery, and plant which shall be then used in working the railway in connection therewith or belonging thereto, for such sum of money as shall be the fair value thereof, the same to be determined in case of difference by a valuation to be made by referees or by their umpire, to be respectively appointed in the usual manner, and the Secretary of State in Council shall pay out of the revenues of India to the company in London the sum of money to be so determined within four months after such determination, with interest thereon at the rate of 5*l.* per centum per annum, from the expiration of the said term of 999 years hereby agreed to be granted.

Surrender.

30. That it shall be lawful for the company at any time hereafter during the said determinable term of 999 years, but not until some portion of the extension lines shall have been finished and in work for three calendar months at least, to give notice in writing of their intention to surrender and relinquish the railway and works to Her Majesty for the purposes of the Government of India, on any day to be mentioned in such notice, so that such notice be served at least six calendar months before that day, both on the Secretary of State in Council in London, and also on the Secretary of Government at Madras, and in case of such notice being given, the company shall at the expiration thereof, surrender and relinquish to Her Majesty for the purposes of the Government of India, the railway and works accordingly, together with the telegraphs, and shall with all convenient speed sell any lands in Great Britain, which may then be held by the company for the purpose of their business or undertaking, and pay the clear moneys to be produced by such sale into the Bank of England to the account of the Secretary of State in Council, and shall deliver to the Government of India, or their authorised agents, on behalf of Her Majesty, for the purposes of such Government, the engines, carriages, stock, plant, and machinery belonging to the railway and works, and all plans, surveys, sections, printings,

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* By an indenture executed by the East India Company and the "Great Southern of India Railway Company," on the 1st September 1858, provision is made for the construction of a railway from Negapatam to Trichinopoly.

By a further indenture, dated 21st April 1864, executed by the Secretary of State for India in Council and the same railway company, provision is made for the extension of the railway from Trichinopoly to Erode, on the Madras Railway.

On the 1st March 1870, an indenture was executed by the Secretary of State in Council of India and the "Carnatic" Railway Company, for the construction by the latter, on the guarantee principle, of certain lines projected by the Indian Tramway Company.

On the 16th December 1873, the indenture, from which extracts are given above, was executed by the Secretary of State and the two railway companies, whereby those companies became amalgamated under the title of the "South Indian Railway Company." This is the contract which is now in force.

† From date of contract.

printings, writings, drawings, and documents whatsoever connected with the undertakings and affairs of the company, and the premises to be so surrendered and delivered shall be accepted and received accordingly; it being expressly agreed that the railway, works, stations, telegraphs, engines, carriages, stock, plant, and machinery, shall, at the time of such surrender and delivery, be in good working order according to the covenant in that behalf hereinbefore contained on the part of the company; and immediately upon such surrender and delivery being made, the Secretary of State in Council shall be bound to pay out of the revenues of India to the company the sum of 60,000 *l.* sterling, being part of the said sum of 3,136,949 *l.* 12 *s.*, which is represented by the said sum of 60,000 *l.* stock, issued as mentioned in the said indenture of the 1st day of March 1870, and also so much of the residue of the said sum of 3,136,949 *l.* 12 *s.* as has or shall have been expended with the sanction of the Secretary of State in Council, and also such other capital as shall be raised upon shares or ordinary stock of the company, and be expended by the company with the sanction of the Secretary of State in Council, upon the railway, works, and premises so to be surrendered and delivered; and whether such capital shall have borne interest or not (the capital so to be paid being ascertained and certified in the manner hereinbefore mentioned), and also such amount of capital as having been raised originally on mortgage or debentures and been expended in the like manner, shall have been converted into shares or ordinary stock of the company, and also such parts (if any) of the capital raised for the purposes of the railway by the issue of shares or ordinary stock as shall remain in the Bank of England to the account of the Secretary of State in Council, and to discharge and indemnify the company from all debts and liabilities incurred with the sanction of the Secretary of State in Council, and thereupon all covenants by the Secretary of State in Council hereinbefore contained for payment of interest on moneys raised by the issue of shares or ordinary stock of the company, or on capital represented by shares or ordinary stock taken in exchange for mortgages or debentures, shall cease as from the day upon which the railway shall be surrendered and accepted, and all claims by the Secretary of State in Council on account of interest on the company shall also cease, and the Secretary of State in Council shall be at liberty to retain out of any moneys payable to the company the amount of all claims and demands of any sort then existing against the company on their revenue account in respect of their undertakings, and which shall not be shown to have been fully satisfied and discharged. Provided always, that the Secretary of State in Council shall not be liable to refund any moneys expended in the maintenance and working of any part of the railway after the same part shall have been opened for two years, which moneys, except in the case of any part of the railway having to be maintained out of capital for two years from the opening thereof, are to be provided by the company out of the revenues of the railway and interest as hereinbefore provided or otherwise.

Purchase.

31. That at any time during the first six calendar months after the 1st day of March 1890, or at any time during the first six calendar months after the 1st day of March 1905, or at any time during the first six calendar months after the expiration of any succeeding tenth year, computed from the 1st day of March 1905, up to and inclusive of the 995th year, computed from the 1st day of March 1870 (in case no surrender shall have been made by the company under the last preceding clause), it shall be lawful for the Secretary of State in Council to give notice to the company in London, and at Madras, or elsewhere in India, of his intention to purchase, on behalf of Her Majesty, for the purposes of the Government of India, the railway and works, together with the stations and telegraphs (if any), and the engines, carriages, stock, plant, and machinery belonging to the railway, but subject to such debts and liabilities (if any), as may have been incurred to Her Majesty, or to the Secretary of of State in Council, or to any person or persons with the sanction of the Secretary of State in Council, and to interest on such of the said debts as carry interest from the day on which possession shall be taken of the railway, but not from any earlier time, and thereupon at the half-yearly day next but one following such notice, the land provided and to be provided as aforesaid, with the railways thereon respectively, and all buildings, works, fixed machinery, stations, telegraphs, and conveniences whatsoever connected therewith respectively,

shall revert to and become the property of Her Majesty, for the purposes of the Government of India, and in case any lands in Great Britain shall then be held by the company for the purpose of their business or undertaking, the same shall be sold, and the clear monies to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council, and the company shall at the same time deliver to the Government of India, or their authorised agents, on behalf of Her Majesty, for the purposes of such Government, the engines, carriages, stock, plant, and machinery belonging to the railway and works, and all plans, surveys, sections, books, printings, drawings, writings, and documents whatsoever in anywise relating thereto respectively, and provided notice as aforesaid shall have been given at any time during the first six calendar months after the 1st day of March 1890, or at any time during the first six calendar months after the 1st day of March 1905, or during the first six calendar months after the expiration of any tenth year, computed from the last-mentioned day up to and inclusive of the 90th year, computed from the same day, then the Secretary of State in Council shall be bound to pay in London out of the revenues of India, on the said half-yearly day next but one following such notice for the purchase of all the same premises, a sum equal to the amount of the value of all the shares and ordinary stock of the company, issued or created with the sanction of the Secretary of State in Council for the purposes of the railway, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the year, during six months after the expiration of which such notice to purchase as aforesaid shall have been given, and shall also be bound to indemnify the company against all such debts and liabilities (if any) as they may have incurred, to or with the sanction of the Secretary of State in Council, and as shall then be subsisting, but if notice as aforesaid shall have been given during the first six calendar months after the expiration of some 10th year subsequent to and computed from the aforesaid 90th year, in that case instead of such payment as aforesaid, the Secretary of State in Council shall be bound to pay out of the revenues of India to the company the sum of 60,000 *l.* sterling, being part of the said sum 3,136,949 *l.* 12 *s.*, which is represented by the said sum of 60,000 *l.* stock, issued, as mentioned, in the said indenture of the 1st day of March 1870, and also so much of the residue of the said sum of 3,136,949 *l.* 12 *s.*, as has, or shall have been, expended with the sanction of the Secretary of State in Council, and also such other capital as shall be raised upon shares or ordinary stock of the company and be expended by the company with the sanction of the Secretary of State in Council upon the railway, works, and premises so to be purchased, and whether such capital shall have borne interest or not (the capital so to be paid being ascertained and certified in the manner hereinbefore mentioned), and also such amount of capital as having been raised originally on mortgages or debentures, and been expended in the like manner, shall have been converted into shares or ordinary stock of the company, and also such parts (if any) of the capital raised for the purposes of the railway by the issue of shares or ordinary stock as shall remain in the Bank of England to the account of the Secretary of State in Council, and also to indemnify the company against all such debts and liabilities (if any) as they may have incurred to or with the sanction of the Secretary of State in Council, and as shall be then subsisting; and in the event of purchase taking place in either of the two ways above described, the covenants hereinbefore contained for payment of interest on moneys raised by the issue of shares or ordinary stock of the company, or on capital represented by shares or ordinary stock taken in exchange for mortgages or debentures, shall cease.

Possession as a remedy.

32. That if default shall be made by the company in the raising and payment of the said sum of 42,650 *l.* 8 *s.*, or any of the instalments thereof, or of such further capital as shall be required for the construction of the original and extension lines respectively, or in the due application of any moneys drawn in London or in India as aforesaid, or if the Company shall at any time fail as regards time, cost, or any other circumstance or thing in constructing or carrying on to completion the railway and works, or any of them, to the entire satisfaction of the Secretary of State in Council, and conformably in all respects with the orders and directions to be given for that purpose by the Secretary of State in Council, as hereinbefore is mentioned, or in case the company shall cease to work the railway, or the same shall not be worked to the satisfaction of the Secretary

Secretary of State in Council, or in case of any other breach on the part of the company of any of the covenants herein contained, then, and in every such case it shall be lawful for the Secretary of State in Council, on giving to the company in London, or other the place of their office in India, three calendar months' notice of his intention in that behalf to terminate the interest of the company in the railway, land, telegraphs, and works already taken or constructed, or to be taken or constructed as aforesaid, and by their agents to assume on behalf of Her Majesty for the purposes of the Government of India, possession of the railway, lands, telegraphs, and works, and of all or any of the engines, carriages, stock, plant, and machinery provided for the same, or belonging thereto, and all plans, surveys, books, printings, drawings, writings, and documents whatsoever in anywise connected with the undertakings and affairs of the company, or relating thereto, and in that case any lands in Great Britain which may then be held by the company for the purposes of their business or undertaking, shall, with all convenient speed, be sold, and the clear moneys to be produced by such sale shall be paid into the Bank of England to the account of the Secretary of State in Council, and in case of such notice being given, the Secretary of State in Council shall be liable to repay out of the revenues of India, within six calendar months after the expiration of such notice to the company in London, the sum of 60,000 *l.* sterling, being part of the said sum of 3,136,949 *l.* 12 *s.*, which is represented by the said sum of 60,000 *l.* stock issued, as mentioned in the said indenture of the 1st day of March 1870, and also so much of the residue of the said sum of 3,136,949 *l.* 12 *s.* as has, or shall have been expended with the sanction of the Secretary of State in Council, and also such other capital as shall be raised upon shares or ordinary stock of the company, and be expended by the company, with the sanction of the Secretary of State in Council, upon the railway, works, and premises, and whether such capital shall have borne interest or not (the capital so to be paid being ascertained and certified in the manner hereinbefore mentioned), and also such amount of capital as having been raised originally on mortgages or debentures, and been expended in the like manner, shall have been converted into shares or ordinary stock of the company after a proper deduction for all debts and liabilities then affecting the company, or the property of the company, the money so to be repaid to include so much (if any) of the capital raised for the purposes of the railway by the issue of shares or ordinary stock as shall then remain in the Bank of England to the account of the Secretary of State in Council, and also to discharge, exonerate, and indemnify the company from all debts, obligations, and liabilities for works and expenditure undertaken with the sanction of the Secretary of State in Council, and thereupon all covenants by the Secretary of State in Council in this indenture contained for payment of interest on moneys raised by the issue of shares or ordinary stock, or on capital represented by shares or ordinary stock taken in exchange for mortgages or debentures, shall cease, and all claims by the Secretary of State in Council on the company shall also cease, the intention of the parties hereto being that in case of the exercise by the Secretary of State in Council of the powers or authorities by this clause given to him, the said company shall receive back such capital as aforesaid, with interest at the rate or rates agreed on, and that the exercise by the Secretary of State in Council of the said powers and authorities shall be the only penalty to which the company shall be liable in case of any such default by the company as is hereinbefore mentioned, and on which such powers and authorities are made exerciseable.

Capital expended may be paid in India Government Stock.

34. That in every or any case in which under the provisions of these presents the Secretary of State in Council shall before the expiration of the said term of 999 years, become bound to repay capital expended by the company upon the railway as provided by the 30th, 31st, and 32nd clauses respectively hereinbefore contained, or to pay the value of stock for the purchase of the railway as provided by the 31st clause hereinbefore contained, it shall be lawful for the Secretary of State in Council, at his sole option, instead of paying a gross sum in respect of the premises, to transfer to the company, on the day on which such gross sum would have had to have been paid, such an amount of Five Pounds per Cent. Government of India Stock, redeemable at par at the option of such Government, as shall, taking such stock at par, amount to the sum which the Secretary of State in Council would have had to pay if he had chosen to make the payment in cash, and the amount of stock so transferred to the company

pany shall be accepted by them in full payment and satisfaction of all moneys which the Secretary of State in Council shall have become bound to repay or pay as aforesaid. Provided always, that the right to exercise such option shall not apply to the undrawn portion (if any) of the capital of the company raised for the purposes of the railway, which portion is to be repaid to the company with interest on such part thereof as shall bear interest under the provisions in that behalf hereinbefore contained, in case the company shall relinquish or be deprived of the railway as aforesaid.

EAST INDIAN RAILWAY.

EXTRACTS from the CONTRACTS or AGREEMENTS between the East India Company or the Government of *India* respectively, with any Company for the Construction of a RAILWAY in *India* (excepting the EAST INDIAN RAILWAY), showing the Terms or Conditions upon which the Government of *India* have the Right to purchase or acquire such RAILWAY respectively, or under which such RAILWAY would become vested in the Government of *India*.

(*Mr. Gregory.*)

Ordered, by The House of Commons, *to be Printed,*
18 *July* 1879.

SPECIAL

REPORT

FROM THE

SELECT COMMITTEE

ON THE

EAST INDIAN RAILWAY BILL;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

AND APPENDIX.

Ordered, by The House of Commons, *to be Printed,*
13 *June* 1879.

Ordered,—[*Wednesday, 12th March* 1879]:—THAT the EAST INDIAN RAILWAY BILL be read a second time, and committed to a Select Committee of Seven Members, Four to be nominated by the House, and Three by the Committee of Selection.

Resolved,—[*Monday, 10th March* 1879]:—"THAT it is expedient to authorise the creation of an Annuity of One Million Four Hundred and Seventy-three Thousand Seven Hundred and Fifty Pounds, to be charged on and payable out of the Revenues of India, for the purpose of the purchase by the Secretary of State in Council of the Undertaking of the East Indian Railway Company, which may become payable under the provisions of any Act of the present Session to enable the Secretary of State in Council and the East Indian Railway Company to enter into Contracts for the purchase of the Undertaking of the East Indian Railway Company, and for other purposes in relation to such Company."

Instruction to the Committee on the East Indian Railway Bill, That they have power to make provision therein pursuant to the said Resolution.

Committee nominated—[*Wednesday, 19th March* 1879]—of—

Lord George Hamilton. Mr. Fawcett. Mr. Hubbard. Mr. Campbell-Bannerman.	Nominated by the House, 19th March.
Mr. Grantham.	Added, 25th March.
Mr. Muntz.	Added, 28th March.
Sir John Lubbock, discharged 28th March. Sir Henry Peek. Mr. Edward Ridley, discharged 25th March.	Added by the Committee of Selection, 21st March.

Ordered,—[*19th March*]:—THAT the Committee have power to send for Persons, Papers, and Records.

THAT Three be the Quorum of the Committee.

Ordered,—[*Tuesday, 25th March* 1879]:—THAT Mr. Ridley be discharged from attendance on the Committee.

THAT Mr. Grantham be added to the Committee.

Ordered,—[*Friday, 28th March* 1879]:—THAT Sir John Lubbock be discharged from attendance on the Committee.

THAT Mr. Muntz be added to the Committee.

SPECIAL REPORT - - - - - - - - - - p. iii
REPORT ON THE BILL - - - - - - - - - p. vii
PROCEEDINGS OF THE COMMITTEE - - - - - p. viii
MINUTES OF EVIDENCE - - - - - - - - - p. 1
APPENDIX - - - - - - - - - - - p. 77

SPECIAL REPORT.

THE SELECT COMMITTEE on EAST INDIAN RAILWAY BILL, who were empowered to make provision therein, pursuant to a Resolution of the House of the 10th March last;—HAVE agreed to the following Special Report:—

YOUR Committee having taken evidence from witnesses representing the India Office and the East Indian Railway Company, and having gone through the clauses of the Bill, find the different points connected with the arrangement embodied in the Bill to be of so great intricacy and importance that they make this Special Report on the subject to The House.

The Bill in question is to affect the acquisition by the Indian Government of the East Indian Railway, including the Jubbulpore Branch, and to give additional power to the Secretary of State in Council and the East Indian Railway Company to enter into contracts for the working of the said and other lines.

The share capital of the Railway Company is at present 26,200,000 *l.*, with debentures and debenture stock to the amount of 4,450,000 *l.* These sums have been raised under various Acts of Parliament by contracts entered into by the East India Company and the Secretary of State in Council with the East Indian Railway Company, the share capital bearing a guaranteed interest of 5 per cent., payable in London by the Secretary of State for India, and the debentures a somewhat lower rate of interest.

The railways constructed with this capital consist, first, of the main line running from Calcutta to Delhi, and secondly, of a branch line made some years afterwards from Allahabad to Jubbulpore.

In addition to the guaranteed interest of 5 per cent., the share capital was entitled to half the net profits derived from the working of the line in each half year when they exceeded the guaranteed 5 per cent., the remaining moiety of the surplus receipts being taken by the Government.

The total dividend earned by this Company during the last five years, including the Government share, was—

	£.	s.	d.
1874	7	15	–
1875	5	13	10
1876	7	6	–
1877	9	8	–
1878	7	15	–

and in consequence of these large earnings the shares of the company reached a high quotation in the money market, at one time as much as 132.

The working expenses of the line during this period were, under the management of the company, very low, varying from 38 to 31 per cent. of the gross receipts.

Under the original contract, the Indian Government granted to the Company a lease of 99 years for the working of the line; at the end of which period the line reverted to the Government at certain stated intervals, viz., every 25 years from the granting of the lease, the Government had the option of purchasing the line, and during the whole period of the lease the Company had the power of surrendering the line to the Government, and receiving from them the capital expended, provided such surrender took place six months before the expiration of the lease.

In the event of the Government deciding to purchase the line, the price to be paid was not the capital expended, but a sum equal to the "full amount of all the value of all the shares or capital stock in the said railway company, calculated according to the mean market value in London of such shares or stock respectively for the three years immediately preceding the expiration of the said period of 25 years."

By a subsequent clause of the contract in every case where the Secretary of State for India shall, before the expiration of the said term of 99 years, "become bound to repay the capital expended by the said railway company," or "to pay for the purchase of the said railway, works and stock," he had the option of paying by an annuity to run for the remainder of the lease, "the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years in London upon public obligations of the East India Company, which shall be ascertained by reference to the Governor or Deputy Governor of the Bank of England for the time being." In a subsequent contract the words "Governor and Deputy Governor" occur.

In February 1880 the first 25 years of the lease having elapsed, the Secretary of State for India would have been able, under these conditions, to have acquired possession of the main line, but not of the branch line to Jubbulpore, it having been commenced four years later.

The Government of India and the Secretary of State for India in Council, after full deliberation, arrived at the conclusion that they should not allow their powers of purchase to lapse, at the same time they both concurred in wishing to prolong the existing direction, it being, in their opinion, most undesirable to attempt the experiment of working so large a railway undertaking through State agency.

As, under the terms of the existing contract, no such arrangement was contemplated, negotiations were opened by the Secretary of State with the company some time previous to the date at which his powers of purchase would legally accrue; the object of such negotiations being twofold: first, to obtain simultaneous possession of the branch as well as of the main line; and, secondly, to continue the company as the managing authority of the property thus acquired.

With the view of carrying out these objects, proposals were made by the Secretary of State on the 1st November 1878 in a letter and memorandum contained in the preamble of the Bill (*vide* page 13), and the terms of purchase and of future management embodied in this memorandum were accepted by the Company at a general meeting held for that purpose on the 19th November 1878.

The terms agreed upon by the contracting parties, for the purchase of both lines were "(1.) That the purchase be made by means of an annuity, terminable on the 14th of February 1953, calculated on a rate of interest of 4 *l.* 6 *s.* per cent. on a commuted price of 125 *l.* per 100 *l.* of capital stock, which gives, including 4 *s.* for redemption of capital, an annuity of 5 *l.* 12 *s.* 6 *d.* for each 100 *l.* of capital stock so commuted at 125 *l.*; and (2.) the option was given to the shareholders to capitalise one-fifth of the said annuity, in order to constitute a new company, the shareholders and directors of which should have a direct personal interest in the future economical working of these lines.

In considering these terms the first difficulty with which your Committee was confronted is the fact, that whatever opinion they might form upon the details of the proposed purchase, they had, practically, no power whatever of enforcing

enforcing such opinion upon the two contracting parties. Moreover, the only test which your Committee could apply to the proposed terms of purchase was a comparison between them and those contained in the original contracts, but the obscurity of certain essential clauses of those documents renders their legal meaning a matter of doubt to your Committee, who have no authority to hear other than counsel of the parties interested, both of whom concurs in the interpretation of these clauses as adopted in the aforesaid memorandum. Your Committee cannot but express their regret that the Secretary of State in Council did not on all these points obtain an interpretation from some independent legal authority before acting, as in some instances appears to have been done, upon an interpretation which increases the cost of acquiring possession of the railway.

The India Office and the Railway Company agreed that the rate of interest to be applied to the computation of the annuity, should be arrived at in the following way, viz., that all bonds, stock, and other public obligations of the Secretary of State payable in London should be taken at par, and in the aggregate divided by the aggregate interest payable thereon.

By adopting this calculation, a rate of interest of 4 *l.* 6 *s.* per cent. was arrived at. At the present moment the Indian Four per cent. Stock is above par, but a 5 per cent. loan of 17,500,000 *l.*, which is redeemable, if the Secretary of State thinks fit, in 1880, abnormally raised the rate of interest under the above calculation to 4 *l.* 6 *s.*

Had the rate of interest applied to the compntation of the annuity been ascertained by taking the average rate of interest at which the Secretary of State effectively raised the money he borrowed during the same two years, the rate would have been 3 *l.* 18 *s.* 5 *d.*, instead of 4 *l.* 6 *s.*, and the annuity would have been 1,364,313 *l.*, instead of 1,473,750 *l.*

By purchasing the Jubbulpore line now, the interest of the annuity for the repayment of that portion of the East Indian Railway capital is calculated at the rate of 4 *l.* 6 *s.* If the purchase had been delayed the annuity for this portion of the line would, according to the calculation of the India Office, have been 10,000 *l.* per annum less than the sum now proposed to be paid. The financial advantage to the State of having both lines under the same management was the plea advanced by official witnesses as sufficient to counterbalance this additional charge.

These proposals were defended by the official witnesses from the India Office on grounds of general policy. Their contention was, that if the East Indian Railway continued to yield the profits of the past five years the transaction would, financially, be favourable to the Government, and that the most likely means to ensure a continuance of these profits was to continue the existing management. Liberal terms had therefore been offered to the company to ensure their co-operation. Although a rigid adherence to the terms of the contract, could they have been enforced, would have diminished the amount of the annuity payable to the company, yet, in the opinion of the Government, an abrupt dislocation of the present system of administration would probably have caused a falling off in the receipts more than sufficient to counterbalance the gain on the annuity.

The price at which the stock was taken was 125 *l.*, although the average market price of the three years preceding the negotiations was only 124 *l.* 3 *s.* 3 *d.* The larger price was defended on the ground that in the opinion of the India Office the opening of the negotiations prior to the period at which, by the contract, the Secretary of State could purchase, had unduly depreciated the market prices of the shares. Your Committee observe that the fall in price might, however, be due to other causes.

The whole of these arrangements, which, though apparently based upon the terms of the contract the fulfilment of which they anticipated, in some particulars deviate from it, are part of a public policy for which the Government of India must accept the entire responsibility. As the Government of India deliberately maintain that under the peculiar circumstances of the case these proposals will be more beneficial to them than literal adherence to the time and terms of the existing contract, and that they have been purposely made to

obviate that contingency, your Committee cannot take upon themselves the responsibility of rejecting the Bill.

For the purpose of regulating the future relations of the Government with the Company, fresh powers of contract have been conferred upon both parties by certain clauses of the Bill. In the opinion of your Committee, the greatest caution and care must be exercised in framing these new agreements; and your Committee, taking into consideration the new and complicated conditions under which this railway undertaking must be worked and controlled, recommend (1), That the whole and undivided time of one Government Director upon the Board be given to the discharge of his duties, and (2), That his remuneration be paid out of the revenues of the undertaking.

Your Committee especially wish to bring to the notice of the House the exceptionable character of this Bill, with which they have had the greatest difficulty in dealing, the practice and procedure of Private Bill legislation being wholly unsuited to a measure of this kind.

The subject-matter of the Bill is essentially a great question of public policy, and yet it is equally true that the form of the arrangement between the Secretary of State and the Railway Company brings it properly within the category of Private Bills. Your Committee have felt that so large a public question as this, in which a public interest exists, of which Parliament is the proper guardian, outside of any arrangement between contracting parties, ought to be dealt with in a Public Bill. They would therefore submit that in future cases of this nature where legislation is required, the form of a Public Bill should be adopted. A statement of the reasons for placing a permanent charge or annuity upon the revenues of India would then be publicly made by those responsible for the administration of India, and the House would then be able in a manner which is altogether outside the province or capacity of a Committee upon a Private Bill, to consider and weigh the merits of the public policy so expounded.

Although under the exceptional circumstances already detailed, your Committee have passed the preamble of this Bill and amended its clauses, they wish it to be distinctly understood that their proceedings in reference to it must not in any way be supposed to define or create a precedent for defining the terms upon which, under other similar contracts, the Secretary of State for India may hereafter, by payment of an annuity, or otherwise, acquire possession of other similarly situated guaranteed railways in India.

13 *June* 1879.

REPORT ON THE BILL.

LORD GEORGE HAMILTON reported from the Select Committee on the East Indian Railway Bill:

That the Bill does not authorise the construction of any new works.

That there are no other circumstances which, in the opinion of the Committee, it is desirable that the House should be informed.

Lord George Hamilton further reported from the Committee:

That they had examined the allegations contained in the Preamble of the Bill, and amended the same by adding at the end thereof the words, "And "whereas the Company are possessed of or may be or become entitled to "the property mentioned in the Schedule to this Act annexed, and such "property does not form part of the undertaking or property intended to "be purchased by and transferred to the Secretary of State under the "provisions of this Act, and it is expedient to make provisions to enable "the Company to deal therewith," and found the same, as amended, to be true, and had gone through the Bill, and made amendments thereunto.

13 *June* 1879.

PROCEEDINGS OF THE COMMITTEE.

Friday, 28*th March* 1879.

MEMBERS PRESENT:

Lord George Hamilton.
Sir Henry Peek.
Mr. Campbell-Bannerman.

Lord GEORGE HAMILTON was called to the Chair.

The Committee deliberated.

[Adjourned till Tuesday next, at a quarter-past Twelve o'clock.

Tuesday, 1*st April* 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Mr. Fawcett.
Mr. Muntz.
Mr. Hubbard.
Sir Henry Peek.
Mr. Grantham.
Mr. Campbell-Bannerman.

Preamble read the first time.

Counsel for the Bill:—Mr. *Round*, Mr. *Crawford*, and Mr. *Mansell Jones*.
Agents:—Messrs. *Sherwood & Co.*

The Petition of Sir R. M. Stephenson was read, but not appeared upon.

Room cleared.

The Committee deliberated.

Resolved,—That the Committee will not hear Counsel, but will proceed to examine Mr. Juland Danvers.

Mr. *Danvers* was sworn, and examined.

Mr. *R. M. Crawford* was sworn, and examined.

[Adjourned till To-morrow, at Half-past Twelve o'clock.

Wednesday, 2*nd April* 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Mr. Muntz.
Mr. Grantham.
Sir Henry Peek.
Mr. Hubbard.
Mr. Fawcett.
Mr. Campbell-Bannerman.

Room cleared.—The Committee deliberated.

Resolved,—That the evidence of Mr. Crawford be continued.

Mr. *Crawford* was further examined.

[Adjourned till Tuesday, the 22nd April, at Half-past Twelve o'clock.

Tuesday, 22nd April 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Sir Henry Peek.	Mr. Grantham.
Mr. Fawcett.	Mr. Hubbard.
Mr. Muntz.	

Sir *Louis Mallet* and Mr. *Cave Browne* were sworn, and examined.

[Adjourned till Friday next, at Half-past Twelve o'clock.

Friday, 25th April 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Sir Henry Peek.	Mr. Muntz.
Mr. Grantham.	Mr. Hubbard.
Mr. Fawcett.	

Sir *Louis Mallet* was further examined.

[Adjourned till Tuesday, the 6th May, at Half-past Twelve o'clock.

Tuesday, 6th May 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Sir Henry Peek.	Mr. Grantham.
Mr. Fawcett.	Mr. Campbell-Bannerman.
Mr. Muntz.	Mr. Hubbard.

The Committee deliberated.

[Adjourned till Tuesday next, at Half-past Twelve o'clock.

Tuesday, 13th May 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Mr. Fawcett.	Sir Henry Peek.
Mr. Campbell-Bannerman.	Mr. Grantham.
Mr. Muntz.	Mr. Hubbard.

The Committee deliberated.

Motion made, and Question proposed, "That, having received evidence as to the several points in which the agreement embodied in the Bill differs from, or is in accordance with, the original contract, the Committee do now proceed to take evidence in explanation of the reasons which have induced the Government to enter into this fresh arrangement with

the Company, and also as to the conditions which are to govern their future relations with each other in the management of the railway "—(Mr. *Campbell-Bannerman*) :—

Amendment proposed, in line 3, after the word "take," to insert the word "further"—(Lord *George Hamilton*):—

Question put, "That the word 'further' be there inserted."—The Committee divided:

Ayes, 3.	Noes, 3.
Mr. Hubbard.	Mr. Campbell-Bannerman.
Sir Henry Peek.	Mr. Muntz.
Mr. Grantham.	Mr. Fawcett.

Whereupon the Chairman declared himself with the *Ayes*.

Another Amendment proposed, in lines 3—5, to leave out the words "in explanation of the reasons which have induced the Government to enter into this fresh arrangement with the Company, and also"—(Sir *Henry Peek*):—

Question put, "That the words proposed to be left out stand part of the Question."—The Committee divided:

Ayes, 4.	Noes, 2.
Mr. Fawcett.	Mr. Hubbard.
Mr. Muntz.	Sir Henry Peek.
Mr. Grantham.	
Mr. Campbell-Bannerman.	

Another Amendment proposed, in line 5, to leave out from the word "also" to the end of the Question, in order to add the words: "That before considering the clauses relating to the relations of the Government and the Company, in the future management of the Railway, further evidence should be taken"—(The *Chairman*):—

Question put, "That the words proposed to be left out stand part of the Question."—The Committee divided:

Ayes, 3.	Noes, 3.
Mr. Fawcett.	Sir Henry Peek.
Mr. Campbell-Bannerman.	Mr. Hubbard.
Mr. Muntz.	Mr. Grantham.

Whereupon the Chairman declared himself with the *Noes*.

Words *added*.

Main Question, as amended, put:—

Resolved,—"That, having received evidence as to the several points in which the Agreement embodied in the Bill differs from, or is in accordance with the original contract, the Committee do now proceed to take further evidence in explanation of the reasons which have induced the Government to enter into this fresh arrangement with the Company, and also that before considering the clause relating to the relations of the Government or the Company, in the future management of the Railway, further evidence should be taken."

Motion made, and Question,—"That in the event of the preamble and clauses of this Bill being passed by the Committee a special report be made to The House, stating the exceptional position in which the Committee found themselves placed, and giving the reasons for the course they adopted"—(The *Chairman*)—put, and *agreed to*.

[Adjourned till Friday next, at Half-past Twelve o'clock.

Tuesday, 20*th May* 1879.

MEMBERS PRESENT;

Lord GEORGE HAMILTON in the Chair.

Mr. Muntz.	Mr. Hubbard.
Mr. Campbell-Bannerman.	Sir Henry Peek.
Mr. Fawcett.	Mr. Grantham.

The Marquis of *Salisbury*, K.G. (attending by permission of the House of Lords), was sworn, and examined.

The Viscount *Cranbrook* (attending by permission of the House of Lords), was sworn, and examined.

Room

Room cleared:—The Committee deliberated.

Preamble read a second time, and amended by adding at the end thereof the words, "And whereas the Company are possessed of or may be or become entitled to the property mentioned in the Schedule to this Act annexed, and such property does not form part of the undertaking or property intended to be purchased by and transferred to the Secretary of State under the provisions of this Act, and it is expedient to make provisions to enable the Company to deal therewith":—

Question, "That the Preamble, as amended, is proved"—put, and *agreed to.*

[Adjourned till Friday next, at Half-past Twelve o'clock.

Friday, 23rd May 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Mr. Fawcett.	Mr. Muntz.
Mr. Hubbard.	Mr. Campbell-Bannerman.
Sir Henry Peek.	Mr. Grantham.

The Committee proceeded with the Clauses of the Bill.

Clause 1, *agreed to.*

Clause 2, *postponed.*

Clauses 3–5, *agreed to,* with Amendments.

Clause 5 A, *postponed.*

Clause 6.—Amendment proposed, in line 27, to leave out the words, "One million four hundred and seventy-three thousand seven hundred and fifty pounds, being at the rate of four pounds ten shillings," in order to insert the words "One million three hundred and sixty-four thousand three hundred and ten pounds, being at the rate of four pounds three shillings and threepence three farthings":—(Mr. *Fawcett*):—instead thereof:—

Question put, "That the words proposed to be left out stand part of the clause":—The Committee divided:

Ayes, 3.	Noes, 3.
Sir Henry Peek.	Mr. Fawcett.
Mr. Hubbard.	Mr. Muntz.
Mr. Grantham.	Mr. Campbell-Bannerman.

Whereupon, the Chairman declared himself with the *Ayes.*

Another Amendment proposed, in line 31, to leave out the words "at the agreed value of One hundred and twenty-five pounds," in order to insert the words "One hundred and twenty-four pounds Three shillings and threepence, being the mean price of the three preceding years":—(Mr. *Fawcett*):—

Question put, "That the words proposed to be left out stand part of the Clause":—The Committee divided:

Ayes, 3.	Noes, 3.
Sir Henry Peek.	Mr. Fawcett.
Mr. Hubbard.	Mr. Campbell-Bannerman.
Mr. Grantham.	Mr. Muntz.

Whereupon the Chairman declared himself with the *Ayes.*

Question, "That the Clause stand part of the Bill,"—put, and *agreed to.*

Clauses 7—21, *agreed to,* with Amendments.

Clause 22.—Amendment proposed to leave out Sub-section B:—(Mr. *Muntz*):—

Question, That Sub-section B. stand part of the Clause,—put, and *negatived.*

[Adjourned till Tuesday next, at Half-past Twelve o'clock.

Tuesday, 27th May 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Mr. Muntz.	Mr. Hubbard.
Mr. Fawcett.	Mr. Campbell-Bannerman.
Sir Henry Peek.	

Clause 22, further considered.

[Adjourned till Wednesday, the 11th of June, at Twelve o'clock.

Wednesday, 11th June 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Sir Henry Peek.	Mr. Campbell-Bannerman.
Mr. Fawcett.	Mr. Muntz.
Mr. Grantham.	Mr. Hubbard.

Clause 22, further considered, and *amended:*—

Sub-section H.—Amendment proposed, in line 2, to leave out the words "A Government Director," in order to insert the words "one or more Government Directors":—(Mr. *Muntz*):—instead thereof:—

Question, "That the words proposed to be left out stand part of the Clause"—put, and *negatived:*—Words inserted:—

Clause, as amended, *agreed to.*

Clause 2, amended, and *agreed to.*

Remaining clauses, with Amendments, *agreed to.*

SCHEDULE, *agreed to.*

DRAFT REPORT, proposed by the *Chairman*, read the first time, as follows:—

"1. YOUR Committee having been appointed to consider this Railway Bill, consider it necessary to maks this Report, in order that their action may not be liable to future misunderstanding.

"2. The Bill in question is to facilitate the acquisition by the Indian Government of the East Indian Railway, and to give additional power to the Secretary of State in Council and the East Indian Railway Company to enter into future contracts for the working of the said and other lines, and for the raising of capital for railway purposes.

"3. The share capital of the East Indian Railway Company is at present 26,200,000 *l.*, with debentures and debenture stock to the amount of 4,450,000 *l.* These sums have been raised under various Acts of Parliament by contracts entered into by the East India Company and the Secretary of State in Council and the East Indian Railway Company, the share capital bearing a guaranteed interest of 5 per cent., payable in London by the Secretary of State for India, and the debentures a somewhat lower rate of interest.

"4. The railways constructed with this capital consist, first, of the main line running from Calcutta to Delhi, and secondly, of a branch line made some years afterwards from Allahabad to Jubbulpore.

"5. In addition to the guaranteed interest of 5 per cent. the share capital was entitled to half the net profits derived from the working of the line when they exceed the guaranteed

guaranteed 5 per cent., the remaining moiety of the surplus receipts being taken by the Government.

" 6. The total dividend earned by this Company during the last five years, including the Government share, was—

	£.	s.	d.
1874	7	15	–
1875	5	13	10
1876	7	6	–
1877	9	8	–
1878	7	15	–

And in consequence the shares of the company reached a high quotation in the money market, at one time as much as 132.

" The working expenses of the line during this period were, under the management of the company, very low, varying from 38 to 31 per cent. of the gross receipt.

" 7. Under the original contract, the East India Company granted to the Company a lease of 99 years for the working of the line. At certain stated intervals, viz., every 25 years from the granting of the lease, the Government had the option of purchasing the line, and during the whole period of the lease the company had the power of surrendering the line to the Government, and receiving from them the capital expended, provided such surrender took place six months before the expiration of the lease.

" 8. In the event of the Government deciding to purchase the line, the price to be paid was not the capital expended, but a sum equal to the 'full amount of all the value of all the shares or capital stock in the said railway company, calculated according to the mean market value in London of such shares or stock respectively for the three years immediately preceding the expiration of the said period of 25 years.'

" 9. By a subsequent clause of the contract in every case where the Secretary of State for India shall, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said railway company, 'or to pay for the purchase of the said railway, works and stock,' he had the option of paying by an annuity to run for the remainder of the lease, 'the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years in London upon public obligations of the East India Company, which shall be ascertained by reference to the Governor or Deputy Governor of the Bank of England for the time being.' In the subsequent contract the words 'Governor and Deputy Governor' occur.

" 10. In February 1880 the first twenty years of the lease having elapsed, the Secretary of State for India would have been able, under these conditions, to have acquired possession of the main line, but not of the branch line to Jubbulpore, it having been commenced some years later.

" 11. The Government of India and the Secretary of State for India had, after full deliberation, arrived at the conclusion that they could not allow their powers of purchase to lapse, at the same time they both concurred in wishing to prolong the existing direction, it being, in their opinion, most undesirable to suddenly attempt the experiment of working so large a railway undertaking through State agency.

" 12. As, under the terms of the existing contract, no such arrangement was possible, negotiations were opened by the Secretary of State with the company some time previous to the date at which his powers of purchase would legally accrue; the object of such negotiations being twofold: first, to obtain simultaneous possession of the branch as well as of the main lines; and, secondly, to continue the company as the managing authority of the property thus acquired.

" 13. With the view of carrying out these objects, proposals were made by the Secretary of State on the 1st November 1878 in a letter and memorandum contained in the preamble of the Bill (page), and the terms of purchase and of future management embodied in this memorandum were accepted by the company at a general meeting held for that purpose on the 19th November 1878.

" 14. The terms, therefore, agreed upon by both the contracting parties, consisted of the proposal and acceptance of an annuity of 73 years, calculated at a rate of interest of 4 *l.* 6 *s.* per cent. for the purchase of both lines; and secondly, of the formation by a capitalisation of one-fifth of the annuity of a constituent body, the shareholders, directors of which should have a direct personal interest in the future economical working of these lines.

" 15. These proposals were justified by Sir Louis Mallet, the Under Secretary of State for India, on grounds of general policy. If the East Indian Railway continued to yield the profits of the past five years, the transaction would, financially, be favourable to the Government, and the most likely means to ensure a continuance of these profits was, in the opinion of the Government, to continue the existing management. Liberal terms had

therefore been offered to the company to ensure their co-operation. Although a rigid adherence to the terms of the contract might have diminished the amount of the annuity payable to the company, yet an abrupt dislocation of the present system of administration would probably have caused a falling off in the receipts more than sufficient to counterbalance the gain on the annuity.

"16. In the opinion of your Committee, the different parts of the proposed arrangement cannot be disconnected, but must be considered together. The first difficulty with which your Committee is confronted is the fact, that whatever opinion they may form upon the details of the proposed arrangement, they have, practically, no power whatever of enforcing any such opinion upon the two contracting parties, except by rejecting the scheme in its entirety. Moreover, the only test which your Committee could apply to the proposed terms of purchase is a comparison between them and those contained in the original contracts, but the extreme obscurity of certain essential clauses of those documents renders their correct legal interpretation a matter of impossibility to your Committee, who have no authority to hear other than counsel of the parties interested, both of whom have concurred in their interpretation of these words, whilst an expression of opinion emanating from your Committee could in no sense have the authority of a legal decision.

"17. As regards the rate of interest of the annuity, it was arrived at in the following way, viz., that all bonds, stock, and other public obligations of the Secretary of State payable in London were taken at par, and in the aggregate divided by the aggregate interest payable thereon.

"18. By this interpretation, a rate of interest of 4*l.* 6*s.* per cent. was concurrently arrived at, both by the India Office and the East Indian Railway Company. At the present moment, the Indian Four per cent. Stock is slightly above par, but a 5 per cent. loan of 17,500,000*l.*, which is redeemable, if the Secretary of State thinks fit, in 1880, abnormally raised the rate of interest under the above calculation to 4*l.* 6*s.*

"19. The extreme obscurity of the words of the annuity clause renders it capable of several different interpretations, and the financial effect of which is shown in the following table:—

"STATEMENT showing the ANNUITY that might be payable to the EAST INDIAN RAILWAY COMPANY, for 73 Years, calculated at different Rates of Interest.

	Taking the Average Rate of Interest paid by the Secretary of State in Council in London, during the Two Years from 1st November 1876, to 31st October 1878, on his Public Obligations.	Taking the Average Rate of Interest received by Purchasers of Public Obligations of the Secretary of State in Council in London, during the same Two Years, without reference to the terminable character of the Obligations.	Taking the Average Rate of Interest at which the Secretary of State in Council has raised Money on Obligations in London, during the same Two Years, the Premium being taken in Reduction of Interest during the Period of each Loan, but East India Bonds being treated as a perpetual Security.	Taking the Average Rate of Interest received by Purchasers of Public Obligations of the Secretary of State in Council in London, during the same Two Years, the Premium being taken in Reduction of Interest during the period of each Loan, but East India Bonds being treated as a perpetual Security.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Rate of Interest per Cent. of Stock	4 6 –	4 4 1	3 18 5	3 14 4½
Additional payment for Redemption of Capital.	– 4 –	– 4 3	– 4 10¾	– 5 5
Annuity (payable half-yearly) on 100*l.* Stock.	4 10 –	4 8 4	4 3 3¾	3 19 9½
Annuity (payable half-yearly) on commuted price of 125*l.* per 100*l.* Stock.	5 12 6	5 10 5	5 4 1¾	4 19 8¾
Total Annual Amount payable to Company, for Purchase of 26,200,000*l.* Stock.	1,473,750 – –	1,446,458 – –	1,364,310 – –	1,242,044 –

"20. By purchasing the Jubbulpore line now, the interest of the annuity for the repayment of that portion of the East Indian Railway capital is calculated at the rate of 4*l.* 6*s.* If the purchase had been delayed the annuity for this portion of the line would, according to Sir Louis Mallet's calculation, have been 10,000*l.* per annum less than the sum now proposed to be paid. The financial advantage to the State of having both lines under the same management would, in his opinion, counterbalance this additional charge.

21. "The

"21. The rate at which the stock was taken was 125 *l.*, although the average market rate of the 20 months preceding the negotiations was only 121 *l.* 3 *s.* 3 *d.* This was justified on the ground that the opening of the negotiations prior to the period at which, by the contract, the Secretary of State could purchase, had unduly depreciated the market prices of the shares, they having, in a few months, fallen from 132 *l.* to 125 *l.*

"22. The whole of these arrangements, which, though apparently based upon the terms of the contract they anticipated, in some particulars deviate from it, were prompted by motives of public policy which your Committee do not feel competent to discuss. If the Government of India deliberately maintain that under the peculiar circumstances of the case these proposals will be more beneficial to them than literal adherence to the time and terms of the existing contract, and that they have been purposely made to obviate that contingency, your Committee cannot take upon themselves the responsibility of rejecting them. Upon the executive of India must rest the responsibility of adopting this course, and your Committee are in no way inclined to interfere with that responsibility.

"23. Your Committee have, therefore, reported the allegations as proved in the Preamble, and have also considered the clauses of the Bill.

"24. At the same time they felt it their duty to make this Report, in order that their proceeding may not in any way be supposed to define or create a precedent for defining the terms upon which, under other similar contracts, the Secretary of State for India may hereafter, by payment of an annuity, or otherwise, acquire possession of other similarly situated guaranteed railways in India."

DRAFT REPORT, proposed by Mr. *Campbell-Bannerman*, read the first time, as follows:—

"YOUR Committee, having taken evidence from witnesses representing the India Office and the East Indian Railway Company, and having gone through the clauses of the Bill, find the different points connected with the arrangement embodied in the Bill to be of so great intricacy and importance that they make this Special Report on the subject to The House.

"1. The contract entered into between the East India Company and the Railway Company, in 1854, gave to the Indian Government the power to purchase the Undertaking of the Railway Company at the end of 25 years. That period elapses in February 1880, and it is now proposed that the Secretary of State in Council should exercise this right according to an agreement which has been arrived at between him and the Company.

"2. It was the first duty of your Committee to inquire how far this agreement was in accordance with the original contract, and the evidence they have received shows that it departs, or appears to depart, from the actual stipulations of the contract, in the following important respects, viz.:

"I. It is prescribed in the contract (Clause 22), that the 'value of all the shares 'or capital stock' of the Company shall, for the purposes of purchase, be 'calculated 'according to the mean market value in London of such shares or stocks respectively, 'during the three years immediately preceding the expiration of the said period of '25 years.' The calculation made upon this basis at the India Office gave the actual average price of 124 *l.* 3 *s.* 3 *d.* But the price upon which the agreement in the Bill is founded is 125 *l.*

"It is urged in support of this alteration that the imminence of the probable purchase had during part of that time unduly depressed the shares in the market. However this may be, the contract does not allow for any such consideration, and the amount involved in the difference is about 200,000 *l.*

"II. The Secretary of State does not propose to pay the price of the undertaking in cash, but to adopt the alternative of an annuity as prescribed in Clause 25 of the contract. The annual sum agreed upon between the parties is to include not only interest upon the value of the stock, but also a sum of 4 *s.* per cent. as a sinking fund for the repayment of the capital; and it might at first sight appear strange that such a provision should be made, seeing that by the original contract the property would by efflux of time lapse to the Government at the end of the 73 years which remain unexpired of the original lease. This fact, however, is modified in its bearing on the case by the further power given to the Company by Clause 21 of the contract, whereby they may at any time, on due notice, surrender to the Government their line and the property belonging to it, and claim from the Government repayment of all the capital expended upon it. Still it may fairly be doubted whether such a condition affects the ultimate rights of property beyond the par value of the stock, and whether, therefore, the terms of the agreement do not go beyond the contract to the extent of the 25 *l.* premium recognised in the estimate of its present value.

"III. The remaining portion of the annual payment represents interest upon the purchase value of the stock, and this is a matter with regard to which your Committee have found considerable diversity of opinion. The Contract (Clause 25), lays down that the rate of interest to be used shall be 'determined by the average rate of 'interest during the preceding two years received in London upon public obligations 'of the East India Company, and which shall be ascertained by reference to the 'Governor and Deputy Governor of the Bank of England for the time being.' Your Committee have been informed, in the first place, that no application has been made to the Governor and Deputy Governor of the Bank of England. And with regard to the basis prescribed, the question arises, What is meant by the 'average 'rate of interest upon public obligations of the East India Company'? The Secretary of State and the Railway Company have proceeded upon the supposition that it means the nominal rate of interest, at par, on Indian Stocks; they found that there are 17,200,000 *l.* bearing 5 per cent. and 40,000,000 *l.* bearing 4 per cent., and the average of these was 4 *l.* 6 *s.*, which was accordingly taken as the rate to be used.

"It will be observed, however, that the words may be interpreted as meaning the rate at which the Secretary of State has actually raised money on obligations during the two years in question; or the market rate during those years, of interest on investments in Indian Funds; and other possible interpretations may be given to the words. The financial effect of these different interpretations is shown in the following Table, which has been laid before your Committee by the India Office:—

"STATEMENT showing the Annuity that might be payable to the EAST INDIAN RAILWAY COMPANY for 73 years, calculated at different Rates of Interest.

	Taking the Average Rate of Interest paid by the Secretary of State in Council in London, during the Two years, from 1st November 1876, to 31st October 1878, on his Public Obligations.	Taking the Average Rate of Interest received by Purchasers of Public Obligations of the Secretary of State in Council in London, during the same Two Years, without reference to the terminable character of the Obligations.	Taking the Average Rate of Interest at which the Secretary of State in Council has raised Money on Obligations in London, during the same two Years, the Premium being taken in Reduction of Interest during the Period of each Loan, but East India Bonds being treated as a Perpetual Security.	Taking the Average Rate of Interest received by Purchasers of Public Obligations of the Secretary of State in Council in London, during the same Two Years, the Premium being taken in Reduction of Interest during the period of each Loan, but East India Bonds being treated as a Perpetual Security.
	£. *s.* *d.*	£. *s.* *d.*	£. *s.* *d.*	£. *s.* *d.*
Rate of Interest per Cent. of Stock	4 6 -	4 4 1	3 18 5	3 14 4½
Additional payment for Redemption of Capital.	- 4 -	- 4 3	- 4 10¾	- 5 5
Annuity (payable half-yearly) on 100 *l.* Stock.	4 10 -	4 8 4	4 3 3¾	3 19 9½
Annuity (payable half-yearly) on commuted price of 125 *l.* per 100 *l.* Stock.	5 12 6	5 10 5	5 4 1¾	4 19 8¾
Total Annual Amount payable to Company, for Purchase of 26,200,000 *l.* Stock.	1,473,750 - -	1,446,458 - -	1,364,310 - -	1,242,044 - -

"It will be seen that the annual amount payable on the interpretation adopted in the Bill exceeds that which would be payable if the former of the two alternative interpretations just mentioned was adopted, by no less a sum than 109,440 *l.*, the capital value of which is upwards of 2¾ millions sterling. A large amount of money is therefore involved in this issue; and the decision in this instance will doubtless rule future cases of a similar kind.

"As this is a pure question of legal interpretation, your Committee are unable to assume the responsibility of giving an opinion one way or other, having had no opportunity of being guided by independent legal advice.

"It would, of course, have been possible for the Secretary of State, before making the agreement with the Company, to have obtained an opinion as to the proper interpretation of this clause of the contract from some independent legal authority, and your Committee regret that this course was not adopted before an interpretation of the clause was accepted, which so largely increases the cost of acquiring the railway.

"IV. The

"IV. The rate of interest, determined as it is in the agreement, is accidentally enhanced by the fact that in the calculation is included a large loan of 17,200,000 *l.* at five per cent., which is to be paid off next year. And while this fact swells the sum to be paid in respect of the whole line, it has especially that effect in regard to the portion of capital included in the purchase-money for the Jubbulpore branch. The power of insisting under contract on the purchase of this portion of the property does not arise until 1883, and had the negociation been deferred until that time, the rate of interest, calculated on the accepted basis, would not have included the five per cent. stock mentioned above; making a difference of 10,000 *l.* a-year, the capital value of which is 250,000 *l.*

"3. Your Committee have thought it right to indicate seriatim these several matters, in respect of which either a departure has avowedly been made from the exact terms of the contract, or an interpretation of those terms has been followed which is open to doubt. It will be observed that in each case where a variation has occurred, it has been in the direction of increasing the amount to be paid to the Company.

"4. The contract, however, does not contemplate the continuance of the relations between the State and the Company after the purchase has been made; and as the Secretary of State in Council is desirous to retain the services of the Company for the purpose of working the line, it has been thought necessary to supplement the purchase arrangement by a further agreement with the Company whereby the interest of the Company in the line is to be preserved.

"5. For this purpose, payment of a fifth part of the capital is to be suspended, and the shareholders who choose to accept this part of the proposal are to receive one-fifth part of the ultimate balance of surplus yearly profits, the remaining four-fifths being retained by the Government.

"6. Your Committee are unable to express an opinion whether or not this proposal may in itself be tempting to the shareholders or the reverse; and on this would, of course, depend the further question, whether it was or was not necessary, in order to induce its acceptance, to offer to the Company for the purchase of its undertaking better terms in some important respects than those prescribed in the original contract. This is, in plain words, the question whether or not a good bargain has been made in the interest of the Indian taxpayer with the shareholders of the Company; and as to this, your Committee have not the full means of judging. But they have at least received no proof in evidence that the conclusion of a satisfactory arrangement with the Company would have been incompatible with a closer adherence to the terms of the contract.

"In explanation of the policy involved in the Bill, it has been urged, on the part of the India Office, that for the Government to undertake the working and management of the railway would be highly inexpedient, and that therefore the services of the Company should be retained. In order, however, to ensure the success of such a plan it is necessary (as past experience proves) that the pecuniary interest of the shareholders of the Company in the profitable working of the line should be so substantial as to induce them to exert themselves fully in securing economical and efficient management; and although the financial prospects of the railway must be more or less a matter of speculation, the Secretary of State in Council has formed a favourable estimate of the probable future profits of the undertaking, and believes that the proportion of those profits assigned to the shareholders will constitute such a substantial interest in its prosperity as is required. The natural presumption from this circumstance would be, that the prospect of possessing such an interest would not have required other favourable conditions to be added to it in order to commend it to the acceptance of the shareholders of the Company.

"7. The greatest importance ought to be attached to the terms of the new contracts to be entered into between the Government and the Company for the purpose of regulating their future relations with each other.

"8. Your Committee have been informed as to the general outline of those contracts, but they have not had their detailed provisions submitted to them.

"9. Your Committee cannot conclude without bringing to the notice of your Honourable House the exceptional character of this Bill, with which they have had the greatest difficulty in dealing.

"10. The subject-matter of the Bill is essentially a great question of public policy, and yet it is equally true that the form of the arrangement between the Secretary of State and the Railway Company brings it properly within the category of Private Bills. Your Committee have felt that so large a public question as this, in which a public interest exists, outside of any arrangement between parties, of which interest Parliament is the proper guardian, ought to be dealt with in a Public Bill. They would therefore submit that in future cases of this nature, where legislation is required, the form of a Public Bill should be adopted."

MOTION MADE, and Question proposed, "That the Draft Report proposed by the Chairman be now read a second time, paragraph by paragraph"—(The *Chairman*).—Amendment proposed to leave out the words "The Chairman," in order to insert the words "Mr. Campbell-Bannerman," instead thereof—(Mr. *Campbell-Bannerman*):—

Question put, "That the words 'the Chairman' stand part of the Question:"—The Committee divided:

Ayes, 3.	Noes, 3.
Mr. Hubbard.	Mr. Fawcett.
Sir Henry Peek.	Mr. Muntz.
Mr. Grantham.	Mr. Campbell-Bannerman.

Whereupon the Chairman declared himself with the *Ayes*.

Main Question put, and *agreed to*:—DRAFT REPORT proposed by the Chairman to be read a second time, paragraph by paragraph.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 13*th June* 1879.

MEMBERS PRESENT:

Lord GEORGE HAMILTON in the Chair.

Mr. Muntz.	Mr. Grantham.
Mr. Hubbard.	Mr. Campbell-Bannerman.
Sir Henry Peek.	Mr. Fawcett.

DRAFT REPORT proposed by the Chairman, read a second time, paragraph by paragraph.

Paragraph 1—5, *agreed to*, with Amendments.

Paragraph 6.—Amendment proposed, in line 8, to leave out the words "in consequence"—(Mr. *Muntz*):—

Question put, "That the words 'in consequence' stand part of the paragraph":—The Committee divided:

Ayes, 5.	Noe, 1.
Mr. Fawcett.	Mr. Muntz.
Mr. Campbell-Bannerman.	
Sir Henry Peek.	
Mr. Hubbard.	
Mr. Grantham.	

Paragraph, as amended, *agreed to*.

Paragraphs 7—15, *ageeed to*, with Amendments.

Paragraph 16.—Amendments made.—Amendment proposed at the end of the paragraph to add the words, "Your Committee cannot but express their regret that the Secretary of State in Council did not on all these points obtain an interpretation from some independent legal authority before acting, as in some instances appears to have been done, upon an interpretation which increases the cost of acquiring possession of the railway"—(Mr. *Campbell-Bannerman*).

Question put, That those words be there added.—The Committee divided:

Ayes, 4.	Noes, 2.
Mr. Fawcett.	Sir Henry Peek.
Mr. Muntz.	Mr. Hubbard.
Mr. Campbell-Bannerman.	
Mr. Grantham.	

Paragraph, as amended, *agreed to*.

Paragraphs 17 and 18, amended, and *agreed to*.

Paragraph 19, *disagreed to*.

Paragraph 20, amended, and *agreed to*.

Paragraph 21—Amendments made.—Amendment proposed at the end of the paragraph, to add the words—"Your Committee would however observe that the fall in price might, however, be due to other causes"—(Mr. *Fawcett*):—

Question

Question put, That those words be there added.—The Committee divided:

Ayes, 3.	Noes, 2.
Mr. Fawcett.	Sir Henry Peek.
Mr. Muntz.	Mr. Hubbard.
Mr. Campbell-Bannerman.	

Paragraph, as amended, *agreed to.*

Remaining paragraphs, *agreed to,* with Amendments.

Several new paragraphs *added.*

Question, That this Report, as amended, be the Special Report of the Committee to The House—put, and *agreed to.*

Bill, as amended, to be reported.

Ordered, To Report, together with the Minutes of Evidence, and an Appendix.

LIST OF WITNESSES.

Tuesday, 1*st April* 1879.

PAGE

Mr. Juland Danvers - - - - - - - - - - - - 1
Mr. Robert Wigram Crawford - - - - - - - - - - 5

Wednesday, 2*nd April* 1879.

Mr. Robert Wigram Crawford - - - - - - - - - - 16

Tuesday, 22*nd April* 1879.

Sir Louis Mallet, C.B., and Mr. E. R. Cave-Browne - - - - - - 24

Friday, 25*th April* 1879.

Sir Louis Mallet, C.B., and Mr. E. R. Cave-Browne - - - - - - 40

Tuesday, 20*th May* 1879.

The Most Honourable the Marquis of Salisbury - - - - - - - 53
The Right Honourable Lord Viscount Cranbrook - - - - - - - 57

Friday, 23*rd May* 1879.

Mr. Robert Wigram Crawford - - - - - - - - - - 66

Tuesday, 27*th May* 1879.

Mr. Robert Wigram Crawford - - - - - - - - - - 68
Mr. Juland Danvers and Mr. Robert Wigram Crawford - - - - - 68

Wednesday, 11*th June* 1879.

Mr. Robert Wigram Crawford - - - - - - - - - - 70
Mr. Juland Danvers - - - - - - - - - - - - 70

MINUTES OF EVIDENCE.

Tuesday, 1st April 1879.

MEMBERS PRESENT:

Mr. Campbell-Bannerman.
Mr. Fawcett.
Mr. Grantham.
Lord George F. Hamilton.
Mr. Hubbard.
Mr. Muntz.
Sir Henry Peek.

LORD GEORGE F. HAMILTON, IN THE CHAIR.

Mr. JULAND DANVERS, sworn; and Examined.

Chairman.

1. WHAT is your position in the India Office?—I am the Government Director on the Boards of the Guaranteed Indian Railway Companies.

2. In that capacity you attend their various meetings?—I do.

3. As you are aware, this Bill has been referred to this Committee for consideration and for their Report; it will be necessary for us, in the first instance, before we consider the clauses, to have the Preamble proved; the first 13 pages of that Preamble consist simply of a recital of the various Acts and indentures by which the Company have been authorised to raise capital; perhaps the shortest way of proving that part of the Preamble will be for you to state to the Committee what the amount of capital of the East Indian Railway Company is at the present moment, and during what period it has been raised?—The capital of the East Indian Railway Company at this moment consists, in round numbers, of about 26,200,000 *l.* of share capital, with debentures and debenture stock to the amount of 4,450,000 *l.*

Mr. *Hubbard.*

4. That is in addition to the share capital?—Yes.

Chairman.

5. Do the first 12 pages of the Preamble contain a correct recital of the Acts, and of the amounts authorised under those Acts by which this capital has been raised?—I have every reason to think it quite correct; I may say that the amounts which are mentioned have been examined at the India Office in the Accountant General's Department, and have been reported as correct.

6. Has that report been made to you as Government Director?—Yes.

Chairman—continued.

7. Therefore, you have every reason to believe that the recital in the Preamble is a correct recital?—Quite so. It has been examined also by the legal adviser to the Secretary of State.

8. The East Indian Railway has two lines, has it not?—It has; the main line extends from Howrah, that is to say Calcutta, up to Delhi, in the north-west, and there is a branch striking off from Allahabad to Jubbulpore.

9. The capital for the construction of the latter line was raised later than that for the other line, was it not?—It was; it was raised under a separate contract concluded between the Secretary of State and the Company in 1858.

10. Is that Act recited in the Preamble of this Bill?—Yes, you will find it in page 6.

11. Therefore the sums which you have given include the capital raised for the construction of the main line of the East India Railway Company, as well as for the Jubbulpore branch?—They do.

Mr. *Muntz.*

12. The guarantee recited is in sterling money, not in rupees?—It is.

13. What is the total length of both lines?—One thousand five hundred and three miles; that is, the two together. The main line is 1,280 miles; the Jubbulpore line is 223¾ miles.

Mr. *Fawcett.*

14. How much of the line is double, and how much single?—Four hundred and eleven miles are double out of the whole length, and this double portion is all on the main line.

15. So that a line, of which nearly three-fourths is single, has been constructed at a cost, according to your figures, of 20,000 *l.* a mile?—Yes.

16. Is not that higher than the cost of almost

Mr. *Danvers.*

1 April 1879.

Mr. *Fawcett*—continued.

any other railway, even in England?—It is less, I think, than the average cost of English lines by a good deal.

17. Of a single line?—I could not say positively, but I should think so.

18. It is not less than the cost of English lines if you reckon, as you must reckon, in India that nothing has been paid for the land?—I could not say.

19. As the past management of this Company must determine the question, or ought, at any rate, to have some effect in determining the question, whether they are the proper people to manage it in future, have not you ever compared the cost of this line with the cost of other railways in England?—Yes, I have. I do not recollect the figures with sufficient accuracy to enable me to give the result.

20. Considering it is a single line, and considering that nothing has been paid for the land, there has been no line in England of any length constructed which is so costly?—I am not prepared to accept that.

21. Are you prepared to assert the contrary?—No, not in the absence of figures, but my impression is what I have stated.

22. When you come next time, because it is a very important point, though I do not want to go into details, could you bring any figures which would clear up this point?—I will endeavour to do so.

Mr. *Muntz.*

23. There is one item I might add; you might take what the Grand Western and the North Western cost per mile, and how much difference it would be if it were merely a single line?—Yes.

Chairman.

24. We next come to powers for purchase, which under the original contract the Secretary of State possesses; will you state what those powers are?—I think they may be briefly stated as follows: First, at the end of the term of the contract, that is 99 years, the land on which the line is constructed with the works, reverts to the Government without payment; the rolling stock and equipment must be purchased at a valuation. Secondly, at any time after three months from the opening of any line for traffic the Company may give notice to the Secretary of State of their intention to surrender it, and on the expiry of six months the Secretary of State must pay to the Company the entire sum expended on the railway and duly passed to the capital account, and take possession of the railway. Thirdly, in the event of the Company committing a breach of contract, or failing to work or maintain the line to the satisfaction of the Secretary of State, or to provide the funds needed for its completion, the Secretary of State may take possession, paying the company the sum duly passed to the capital account. Fourthly, during the six months following the 25th year and the 50th year of the contract, the Secretary of State may give notice to the Company that he will purchase the railway, and on the half-yearly day next but one after such notice the Secretary of State may take possession of the railway, paying the Company an amount equal to the whole value of the paid-up capital expended on the undertaking, at the average market rate of the stock during the three years preceding the notice. Fifthly, the Company

Chairman—continued.

is bound to maintain the railway and its equipment in good working order, and to provide for its maintenance from the revenues of the railway, and the guaranteed interest, and on default of the Company so to maintain, the Secretary of State may execute any work, and deduct the cost thereof, from any interest or other monies payable to the Company. Sixthly, in every case in which, on the transfer of a railway to the Secretary of State, he is bound to pay a certain amount to the Company, this payment may, at the option of the Secretary of State, be made as an annuity for the residue of the term, such annuity being paid half-yearly, and being calculated on the basis of the average rate of interest received in London during the preceding two years on public obligations of the East India Company or Secretary of State in Council, which will be ascertained by a reference to the Governor and Deputy Governor of the Bank of England. In all cases debenture stock is excluded from the capital stock, and the liability for such debentures passes directly to the Secretary of State. This is an epitome of the clauses in the contract relating to the modes in which the transfer of the line to the Government may be carried out.

25. It is clear from the words which you have read that if the Company proposed to surrender their line to the Secretary of State, he has simply to recoup them the capital which they have expended; but if, on the other hand, the Secretary of State takes advantage of the powers, which at certain stated intervals he possesses, of purchasing the line, he then has to pay the average market value of the shares during the three preceding years?—Yes, it is so.

26. He has the option, if he exercises his powers of purchase, of either paying a lump sum down, or of converting it into an annuity?—Quite so.

27. In the present instance the Secretary of State has proposed to exercise or to make use of the annuity clause?—He has.

28. Will you state what the dividend upon the capital of the East Indian Railway Company has been during the past few years?—I am afraid I have not the figures before me, not knowing that I should be examined upon that point. I can give you last year's.

29. The Secretary of State, I believe, has guaranteed 5 per cent. interest upon the capital raised by the East India Company?—Five per cent. is the interest guaranteed upon most of the capital. The debentures which form part of the capital have been raised principally at 4 per cent.

30. There is an arrangement made between the Secretary of State and the Company by which, if the net receipts exceed that 5 per cent., a certain proportion went to the Company and a certain proportion to the Secretary of State; will you explain what that arrangement was?—The arrangement was that if the earnings of the Company were in excess of the amount paid by the Secretary of State in any one half-year for the guarantee, such excess was divided between the Secretary of State and the Company. This excess goes by the name of surplus profits.

31. As a matter of fact there have been no surplus profits?—Yes, there have been large surplus profits.

32. For some considerable period?—Yes.

33. Therefore,

Chairman—continued.

33. Therefore, putting out of sight all the questions of exchange, and assuming that the revenue received by the East India Company was paid in gold, the State have, during the past few years, made a considerable income out of it?—They have.

34. As regards the powers of purchase, the time has not yet arrived when the Secretary of State can purchase the Jubbulpore Branch?—No, it has not arrived. It so happens, as you are aware, by this Bill, negotiations have been going on and an arrangement has been made, by which the Jubbulpore part of the undertaking is included in the whole concern in this purchase.

35. Is there any difference in the market value of the Jubbulpore stock and the stock of the main line?—None whatever. There is no difference in the money market with reference to the two capitals. They are only kept separate as between the Government and the Company.

36. The Company propose to make an arrangement, by which the Secretary of State shall purchase on the same terms the Jubbulpore line as the shares in the main line?—Yes.

37. As regards this annuity, it is to run for the remainder of the lease between the Secretary of State and the Company?—Yes.

38. And that is, how long?—Seventy-three years.

39. The rate of interest at which it is to be calculated is what?—£. 4. 6 *s.*

40. How is the calculation to be made, according to the terms of the contract. Will you read out the actual words of the Act?—The annuity clause is Clause 25: "In every or any case in which under the provisions of these presents the East India Company shall, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said railway company upon the said line of railway as aforesaid, or to pay for the purchase of the said line of railway works and stocks, it shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said railway company in London, their option to pay an annuity to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years, and in that case such annuity shall be payable in London, on such two half-yearly days in the year as shall be selected by the East India Company in that behalf, with a fractional part for any broken half-year, the rate of interest which shall be used in calculating such annuity, which being determined by the average rate of interest during the preceding two years received in London, upon public obligations of the East India Company, which shall be ascertained by reference to the Governor and Deputy Governor of the Bank of England for the time being: Provided always, that the aforesaid option shall not apply to the undrawn portion of the capital of the said railway company received for the said line of railway, and paid into the Treasury of the East India Company, which portion is to be repaid to the said railway company with interest, under the provision in that behalf hereinafter contained, in case the said railway company shall relinquish or be deprived of the said railway and works aforesaid."

41. Therefore the rate of interest at which this annuity was to be determined was the average rate received during the two preceding years upon the public obligations of the East India Company, or as it now is, the Secretary of State in Council?—Yes.

42. That was the payment which for 73 years the Secretary of State would have to make to the Company, and he, on the other hand, would have the power of receiving the whole net profits of the line?—Yes.

43. On the 1st November 1878, Sir Louis Mallet, the Under Secretary of State, wrote to Mr. Crawford a letter, which is contained in the Preamble?—Yes.

44. In that letter he states what you have already given us in evidence, that the Secretary of State proposed to purchase the line as well as the branch line to Jubbulpore; you were cognisant of that letter?—I was.

45. And this is a correct copy of it?—It is.

46. In the next page we come to the memorandum of terms which accompanied it. Perhaps it would be as well if you were to read those terms?—"First, that the purchase be made by means of an annuity, terminable on the 14th February 1953, calculated on a rate of interest of 4 *l.* 6 *s.* per cent. on a commuted price of 125 *l.* for 120 *l.* of capital stock, which gives, including 4 *s.* for redemption of capital, an annuity of 5 *l.* 12 *s.* 6 *d.* for each 100 *l.* of capital stock, so commuted at 125 *l.*"

47. The rate of interest, namely, 4 *l.* 6 *s.*, was arrived at by calculating what the average interest for the past two years had been on the public obligations of the Secretary of State?—Yes.

48. The market price of shares being 125 *l.*?—Yes; that is on three years' average as regards the stock, two years' as regards the interest.

Mr. *Fawcett.*

49. Does it say, in that clause in the Act, that you have to take the shares for three years?—Not in the Act, but in the contract.

50. Will you read the words?—"The rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the East India Company."

51. Where does it say about the price of the shares; is it perfectly clear that that applies to the annuity?—Quite clear. The purchase clause relates to the price. It says the Government shall pay a sum equal to the amount of the value of all the shares and stock calculated according to their mean market value during the three years immediately preceding the expiration of the said period of 25 years.

Mr. *Muntz.*

52. Is the 125 *l.* the average of the last three years?—It was found to be so.

53. Agreed between the Company and the East Indian Government?—I believe that in the Accountant General's Office at the East India Office calculations were made as well as at the Railway Company's office, and as they coincided almost exactly, the amount was agreed to.

 54. Including

Mr. *Danvers.*

1 April 1879.

Chairman.

54. Including the 4 *s.*, as a sinking fund for the redemption of capital, an annuity of 5 *l.* 12 *s.* 6 *d.*, for 73 years, would, at the end of that time, place the whole property of the East Indian Railway Company in the hands of the Secretary of State?—It would at the time of the purchase.

Sir *Henry Peek.*

55. Not the rolling stock?—Yes, everything.

56. That is only in case of surrender; whether the rolling stock be much or little, does it make any difference?—No; I think you are referring to the clause which gives power to the Company to surrender the line. In that case they only receive back the capital which has been expended, without reference to the price of the stock.

57. You said at the end of 99 years it reverts, without payment?—That is to say, if the Secretary of State had not exercised his power of purchase; if the Company had not used its power to surrender, and if, by effluxion of time, the contract had come to an end, then the Secretary of State would have obtained the line, but the rolling stock would have been the property of the Company.

Chairman.

58. Under this arrangement the Secretary of State obtains two advantages; he is able to calculate the rate of interest on which this annuity is based lower than the guaranteed interest on any of the existing raised capital, and he also has the whole of the surplus profits which may be derived from the Company in place of the half which he previously received?—Having completed the purchase he had command of the whole concern with all its profits, no doubt.

59. This is the arrangement as regards the capital stock. As regards debentures, what is the arrangement?—Debentures remain as they are. Debentures are guaranteed by the Secretary of State both as regards interest and capital. He is responsible for paying them off at the end of the term.

60. Do they run for a long period?—For various periods.

61. This annuity only affects the capital, but not the debentures?—Not the debentures, only the share capital.

Sir *Henry Peek.*

62. That is 26,200,000 *l.*?—Quite so.

Chairman.

63. Therefore, the first half of the memorandum of terms is simply an exercise by the Secretary of State of powers which he enjoyed under the original contract?—That is so.

Mr. *Grantham.*

64. In the Act there is nothing about giving anything beyond an annuity based upon a certain principle; here you first of all base your annuity on that principle, and then you add 4 *s.* for redemption of capital, which is in effect giving up the right of having this line to revert to at the end of 90 years; you are doing away with the leasehold effect of the line and making it freehold, assuming that the original contract was vesting the line in the Company in fee instead of it being only a leasehold interest of 99 years; is not that it?—These calculations were very carefully made at the India Office by experts, and that was the result arrived at.

Mr. *Grantham*—continued.

65. Is not the result arrived at by giving so much for redemption of capital?—Quite so; 5 *s.* is the amount so given for the 125 *l.*

Mr. *Fawcett.*

66. Was this rate of interest, 4 *l.* 6 *s.*, the calculation of the Governor and Deputy Governor of the Bank of England?—I do not think they were consulted.

67. But they were bound to be, were they not?—I think not.

Chairman.

68. The words are, "The rate of interest which shall be used in calculating such annuity to be determined by the average rate of interest during the preceding two years received in London upon public obligations of the East India Company, and which shall be ascertained by reference to the Governor and Deputy Governor of the Bank of England for the time being;" as you read the Contract, you assume that the reference to the Governor and Deputy Governor of the Bank of England is merely as to the average rate of interest received in London upon public obligations of the East India Company during the two preceding years?—Yes, certainly. The reference would have been made as to that point if there had been any dispute, or if the term of 25 years had run out.

Mr. *Fawcett.*

69. There is the greatest possible difference of opinion about that; what I want to know is, whether the Act has been complied with, and whether a reference was made to the Governor and Deputy Governor of the Bank of England; it does not say "may be made"?—I am not aware that any reference was made to the Governor and Deputy Governor. I do not think that it was obligatory, under the circumstances.

70. What words can you have in an Act more obligatory than these, "which shall be ascertained"; it does not say, in case of dispute; they want to apply to a perfectly independent authority. I remember in evidence which we had once before a Committee the greatest possible importance was attributed to this provision. It seems to me you cannot have words more compulsory. I want to see exactly the way in which this power has been carried out. The words are "which shall be ascertained." Do you consider that "shall" as imperative?—This is not the Act of Parliament that you are referring to; it is the contract between the Government and the Railway Company. The contracting parties, I presume, had the power to negotiate in respect of the terms of purchase.

71. You referred to the Act; are not the words there of a similar kind?—The words are in the contract, not in any Act of Parliament.

Mr. ROBERT WIGRAM CRAWFORD, Sworn; and Examined as follows:

Chairman.

72. YOU are the Chairman of the East India Railway Company?—I am the Chairman of the Board of Directors.

73. And have been so for some time?—For 25 years.

74. You have heard the evidence of the preceding witness?—I have.

75. That part of his evidence which related to the portion of the Preamble detailing the various indentures and various Acts by which the East India Railway Company was raised was correct?—Quite correct. I may say the same of the whole Preamble.

76. You, as Chairman of the Board of Directors of the East India Railway Company, received the letter, dated the 1st November 1878, from Sir Louis Mallet?—I did.

77. That was accompanied by a Memorandum of Terms?—It was.

78. We have had explained to us, to a certain extent, the basis of the calculation of the first portion of that Memorandum of Terms, but we were anxious to have further information as to how the Secretary of State arrived at the 5 *l.* 12 *s.* 6 *d.* being the annuity for the redemption of each 100 *l.* of capital stock. Perhaps you will explain to the Committee how that calculation was arrived at?—There are two elements in the calculation. The one is the price to be paid for the stock, which is settled at 125 *l.* for 100 *l.* of stock. The other is the rate of interest at which the annuity should be calculated which would reproduce the money at the end of 73 years. As to the question of the price, 125 *l.*, I believe it is not at all in discussion at the present moment whether that is the right or the wrong price. As a matter of fact, on the day on which the average began to be calculated, which is the 15th February 1876, I ordered an account to be taken and to be kept up daily, and it was so taken and kept up for the space of three years, showing the actual price. When we came into negotiation with the Government, the actual average of the daily quotations of the market was close upon 125 *l.* Had it not been for the negotiations which took place, which had the effect of disturbing the market, I have no doubt the average would have been above 125 *l.* I, acting for the Company, was quite content to take 125 *l.* as representing what appeared to us to be the fair average return of the market for three years. With regard to the rate of interest which was to be calculated upon the average sum received on the London market upon the public obligations of the Indian Government for a term of two years, I used various sources of information which were open to me, having kept a regular account of it as well as I could. But perhaps the most important and the most authentic one was the Return made to Parliament every half year by the Secretary of State for India of his securities out in the market, and the rate of interest which they bore. Perhaps I may be allowed to say that the negotiations for the matters then before us were carried on between myself and Sir Louis Mallet. I brought the result of my figures to Sir Louis Mallet, and I said to him, the conclusion at which I have come

Chairman—continued.

is, that the actual rate of interest, brought out to 1 *d.*, is 4 *l.* 6 *s.* 4 *d.* His answer to me was, Our calculation is within 1 *d.* of yours. Therefore it became unnecessary to go to the Governor and Deputy Governor of the Bank of England, because the document that was read just now, as Mr. Danvers said, was not an Act of Parliament, but a contract between the two parties, and there was no occasion to go to the Governor and Deputy Governor of the Bank of England as we were agreed upon the terms; 4 *l.* 6 *s.* was, therefore, assumed as the rate of interest. I did not insist upon the 4 *d.*, because the particular point hinged eventually upon the 5 *l.* 12 *s.* 6 *d.*, which, by a combination of circumstances, has come to be a sort of cardinal point, around which all the calculations turn. £. 4. 6 *s.* being taken as the rate of interest, we have to consider the application of the 25th clause. It says that: "It shall be lawful for the East India Company to declare, on notice to the said railway company in London, their option to pay an annuity." I venture to observe that when you pay by an annuity, you do not pay simply the rate of interest per annum, but you pay with that rate of interest a sum which in this case is represented by 4 *s.*, to reproduce the capital at the end of the term. If you did not pay that you would then pay simply interest on the money, which would not be the fulfilment of the contract. You require the additional sum of 4 *s.* to replace the capital money. If I may be allowed to make the observation, many transactions of this kind have passed in establishments of which a Member of this Committee and myself are members, and are of constant occurrence. A person or corporation borrows 50,000 *l.*; he repays it by an annuity; he does not pay us simply the interest with that annuity, but he pays with the annuity that sum of money which by accumulation will reproduce the capital sum at the end of the term. That is the basis upon which this annuity has been calculated.

Mr. *Crawford.*

1 April 1879.

79. I believe there has been a good deal of public correspondence in the public press at one time and another concerning this annuity clause, has there not?—There has been a great deal of correspondence at times.

80. Mr. Macnaghten, I think, two years ago wrote some letters about it?—It is forcibly impressed on my recollection, because it was so full of errors.

81. In all the discussions which have taken place, and in all the communications which have appeared in public, and been written by officials or private individuals, it has been understood that this annuity would, of course, contain a certain sum for the redemption of the capital; that it is not to be simply interest upon the capital expended?—Certainly.

Mr. *Fawcett.*

82. Your case is that the Company had a perpetual lease of this railway, whereas in 99 years it will become the property of the Government of India?—I beg to say I have not contended that in any case.

83. The case as you put it is, "I am borrowing money from a corporation which I shall have to repay"?—I was illustrating a principle.

84. Assuming

Mr. *Cranford.*

1 April 1879.

Chairman.

84. Assuming that the interpretation which has been put upon this word "annuity" is the correct one, and that it simply means interest on the market value of the capital which had been expended, the Secretary of State then would have the option of doing one of two things, either of paying to the Company a lump sum of money, which he would have had to raise, and upon which he would have had to pay interest, and repay the principal at the same time, or else he would have had the power of simply paying interest to the East India Company for the remainder of their lease upon all the capital which they had expended, and at the end of that time take possession of their property?—I think it is so.

85. If that is the correct interpretation the market value of the shares would have been very much less than the point at which you quoted them, namely, 125 *l.* per share of 100 *l.*?—If the public had been under the impression that their property could have been forcibly taken away from them, and they were only to receive, not their capital back, but merely interest upon their money for a certain number of years, undoubtedly the value of the stock would have been very small, but that never was the impression. The contrary view upheld it at the price.

86. Can you give one single instance where, in any legal document, the word "annuity" has simply meant payment of interest on capital raised?—I certainly cannot from recollection; I mean in reference to an analogous subject.

87. Therefore the interpretation which has been put upon this word "annuity" is quite new?—I should say so.

88. You never heard it raised before?—I never heard it called in question before.

89. Certainly nobody at the India Office, in these recent negotiations, ever attempted to put that construction on the meaning of the word "annuity"?—No. When I came to discuss the matter with Sir Louis Mallet, the negotiations took the form of proceeding entirely upon that view.

90. The advantage which it was supposed the Secretary of State would derive from making use of what was known as the Annuity Clause was that he would be able, by paying out of the income derived from the East India Railway Company, gradually to acquire possession of the whole property?—I suppose so.

91. And as regards that part of Section 25, by which it is stated that reference should be made to the Governor or Deputy Governor of the Bank of England, for the time being, as to the average rate of interest upon the obligations of the Secretary of State, there can be no difference of opinion as to what the interest upon the liabilities of the Secretary of State was during the past two years?—There was no question at all about it. We were absolutely agreed without any previous conversation or concert upon the point.

92. Assuming that it had been necessary to make a reference to the Governor and Deputy Governor of the Bank of England, the question which they would have had to decide would not so much have been what the rate of interest was, but what was meant by the word "obligation"?—It might have turned upon that, but it really lay within a very narrow compass.

93. Without any communication the actuaries

Chairman—continued.

or accountants of the East India Railway Company, and those of the India Office, arrived at almost precisely the same conclusion as regards the meaning of the word "obligation"?—They did.

94. What did you include within the word "obligation"?—I took the Parliamentary Return made every half year by the Secretary of State, showing his indebtedness in this country, excluding, of course, all indebtedness in the currency of India held in this country which was not an English obligation.

Mr. *Grantham.*

95. That came out at 4 *l.* 6 *s.* 4 *d.*?—Yes.

Chairman.

96. If you had included the whole of the guaranteed capital raised by the companies within the meaning of the word "obligation," you would have raised the rate of interest?—I did for a time consider it; but I am perfectly sure of this, that such an interpretation of the word "obligation" was never in view of either party at the time the contract was entered into, because such obligations did not then exist. The real meaning of the clause is this, that if the Secretary of State did not find it convenient to pay to the Company on the day named for the payment, not by instalments nor a day sooner or later, if he had not got 32¾ millions of money, or whatever it may be, to pay down on that day, he was then to repay us our capital in a form which would, by being sold, reproduce that money in the market; and the only test of that would be, what was the value of the obligations of the Government. The obligations are 4 and 4½ per cent., or any other loan which might have been still running in this market, and which did run during the currency of the two years they were all taken into account.

97. Therefore you did not attempt to include any guaranteed capital railway companies?—None.

98. If you had included them the rate of interest would have been higher than that which you find it to be, viz., 4 *l.* 6 *s.* per cent.?—I cannot say that as a fact, because I have not examined it with that view; but I think it is not unlikely that it would be so.

99. The majority of the capital of the guaranteed companies was raised to 5 per cent.?—Yes.

100. The 4 *s.* is the amount which annually would go for the redemption of the capital in an annuity running for 73 years, and calculated at a rate of interest of 4 *l.* 6 *s.*?—Precisely so.

Mr. *Fawcett.*

101. As I understand, your contention is this: you consider the East India Railway Company ought to be paid by the Government exactly the same, whether the property of the Company at the expiration of 99 years reverted to the Government without payment or belonged to the company for ever?—I did not deal with the question from that point of view at all.

102. I should like you to view it from that point of view; it must be viewed sooner or later from that point of view?—I say it is not the point of view from which I have regarded it; the Government take our property from us and are bound to pay us back the money.

103. You

Mr. *Fawcett*—continued.

103. You speak of their taking your property from you; that was a part of the bargain; you will admit that; all that the Government was justified in doing was in carrying out the bargain; you had no option in the matter; you bind yourselves to give up the property on certain terms to the Government, do you not?—Yes.

104. In calculating those terms your contention, representing the Company, is this, that the amount which the Government is bound to pay you would be exactly the same, whether the property they were going to take was permanently your own, or whether, as is the case, it would have lapsed without payment to the Government at the end of 99 years?—I cannot have an argument put into my mouth which I have not considered. What I say is this, if the Government took the property they were bound to pay us a certain sum for it; they could not pay that certain sum for it, and therefore they elected the other method of which they had the option, of paying the money; they paid by an annuity. The honourable Member's argument fails in this, that if they had adopted the other alternative, paying down the capital, we should have had it at once.

105. That was not my point at all; you had no option in the matter; the option rests with the Government; you could not claim to be paid in a particular way?—No.

106. The Government could say to the Company, "We pay you by an annuity"; it was not for you to decide whether you were paid a lump sum or a separate annuity?—It was for us to state our view of the obligation of the Government, which I may state now, which is: If you cannot pay us in hard money you must pay us the equivalent of hard money, that is to say, you must sell us that which we could sell in the market.

107. That is not by the Act of Parliament; there were two methods of payment prescribed by Act of Parliament, and it was at the option of the Government; you had no option; all that you could do was to say to the Government, Carry out strictly the provisions of this Act of Parliament; there is nothing about paying money, or anything of that kind; if the Government liked they could have elected without consulting you to pay you by an annuity?—Will the honourable Member allow me to say that I am here upon my oath; that means that I am to depose to facts, and not to enter into controversies with Members of the Committee.

108. Suppose this property was a permanent property, a property which the Company enjoyed permanently, if it was to be bought by an annuity you could not claim a greater amount for redemption of capital than is given to you under arrangements which we are considering by this Bill, simply looking upon it as an arithmetical question?—I must confess my inability to do so.

109. I will put it in this way: there is an amount of 125 *l.*, with a rate of interest of 4 *l.* 6 *s.* per cent.; you want an annuity for 73 years to represent that amount; you say it makes no difference whether the amount is to be paid permanently or whether it is to be paid for a number of years?—I really can only frame my answer in the same manner as I have answered previous questions of the same kind; I say the Government had to pay us a sum of money. They elected to pay it in the form of an annuity, and whatever the nature of the tenure may be, or anything of that kind, they are under an obligation to pay us a sum of money, and if they cannot pay that money down in cash to pay it by an annuity.

Mr. *Fawcett*—continued.

110. According to your contention it makes no difference whatever, and is not an element to be taken into account, whether the Company would revert to the Government as their property at the end of a certain period of years?—I do not think it has anything to do with it; they owe me 125 *l.*; they say, We cannot pay you cash, but in a term of years.

111. You think it is just as important and just as just that a certain sum should be set aside as redemption of capital as it is when a man borrows 100 *l.* for a certain number of years, with a condition that he should repay it?—I must decline to give my opinion on these abstruse questions.

112. These are not abstruse questions to you, are they?—They are, I think. As I said just now, I am here to answer facts.

113. As a fact, I may understand that the Governor or Deputy Governor of the Bank of England were not consulted?—They were not consulted for the reasons I have stated.

114. They were not, as a matter of fact?—As a matter of fact they were not.

115. Will you tell me the particular securities by which you arrived at the rate of 4 *l.* 6s.?—I have here the returns made by the Indian Government in this country to Parliament of the loans raised in England under the provisions of any Acts of Parliament chargeable upon the revenues of India outstanding at the commencement of the half year to which the return refers, with the rates of interest payable thereon, and the date of the termination of each loan. As I understand the honourable Member's question, the material point is what are those loans? They are loans bearing interest: East Indian Bonds, 5,496,700 *l.*; Indian Debentures, 710,000 *l.*, &c.

116. What I want to know is this: supposing you have a 5½ per cent. loan, which, of course, would be at a considerable premium, would you reckon that the rate of interest was 5½ per cent.?—I do not say what the premium upon an East Indian Government Security would be at this moment.

117. I simply want to take any premium you like. Suppose you have a 5 per cent. loan at 120 *l.*, would you say that, so far as that obligation was concerned, the current rate of interest was 5 *l.*; that the interest on the obligation of the East India Railway Company was 5 *l.*, or a little over 4 *l.*?—I do not understand the question.

118. You cannot understand a question like that?—No, I really do not.

119. I will put it in this way: suppose, for instance, you want to ascertain the interest on the securities or the obligations of the Government of India, do you simply take the amount of interest that they are paying, independently of the stock?—I understand the question now. I have taken the Parliamentary Return of the rate of interest which these loans were bearing. If the honourable Member will allow me, I will explain. These are 4 per cent. to the extent of the figures which I was enumerating; then there comes a 5 per cent., but the amount of the 5 per cent. loan being 17 millions, affects the average very largely, and has brought it up to the price I mentioned just now.

Mr. *Crawford.*

1 April 1879.

120. That

Mr. *Crawford.*

1 April 1879.

Mr. *Fawcett*—continued.

120. That is the very thing I am contending for. Are you certain that the Governor or the Deputy Governor of the Bank of England would arrive at the same conclusion that you do, that the interest was 4 *l.* 6 *s.*?—It is impossible for me to say whether I am certain what they would do.

121. Are not the words of the Act these: That the rate of interest shall be after consultation with the Governor and Deputy Governor of the Bank of England?—I have already stated that it was not considered necessary to refer the matter to the Governor and Deputy Governor of the Bank of England, because we were agreed. I would also, perhaps, repeat, that we were not construing that Act of Parliament of which the terms were imperative, but we were only considering whether we should go to the Governor and Deputy Governor of the Bank of England to say whether an agreement as to which we were in perfect accord was right.

122. You and Sir Lewis Mallet were in perfect accord?—Yes.

123. As I understand these words are in an Act of Parliament which binds you?—I read them from the contract between the two bodies.

124. They are also in the Act of Parliament?—I am not aware of it.

125. In the 22nd or 25th clause of the original Act?—I am not aware of it.

126. The contract was authorised by Parliament?—The contract was not authorised by Parliament; at the time it was drawn Parliament were no parties whatever to it. Parliament may have recognised the contract since, but I do not think the contract has the effect of an Act of Parliament.

127. What I understand is this, you reckon a certain amount of stock at 5 per cent., a certain amount at 4 per cent., a certain amount at 4½ per cent., and you strike the average?—Arithmetically the average is brought out in that way.

128. You do not reckon the premium at which, for instance, the 5 per cent. stock was standing?—Nor have we taken into account any discount to which these securities have been subject and were subject at the time the discussion was going on.

129. I am not saying that that is wrong; I simply want to ascertain what you have done; during the two years when you arrived at this result, that the interest was 4 *l.* 6 *s.*, was the 4 per cent. stock of the Indian Government ever below 98?—As a matter of recollection I should say it was not.

130. Was it ever below 99?—I do not think it was.

131. That being the case, is it not possible to imagine that a person may arrive at this interpretation of what is meant by the interest on the obligations, that really the rate of interest was 4 per cent.?—I cannot say what it is possible for anybody to imagine.

132. Is it not possible, if this matter had been referred to the Governor and Deputy Governor of the Bank of England?—I can only say this, that we took the figures that were put before us; we calculated them according to the ordinary rules of arithmetic, and we arrived at that result. As far as the discount or premium upon those securities is concerned, I may say that if discount had entered into it, Indian securities of this particular nature fell so much in the London market about the time that these negotiations were going on, that we should have benefited by it.

Mr. *Fawcett*—continued.

133. If it had been such an obvious calculation, and so extremely simple, why was it so carefully provided in the Act that the point should be decided by two such important financial authorities as the Governor and Deputy Governor of the Bank of England?—I cannot say why that authority was put in except this, that they were to be a body to whom reference could be made if there was any misunderstanding on the point.

134. I do not want a matter of opinion; but can you point to any words implying that that was to be done if there was any misunderstanding?—I think it is the inference to be drawn from it.

135. From what words; from what particular phrase?—I draw the inference for this reason; it is a sort of *dernier ressort* named in the clause of the contract, to avoid any doubt upon the subject, and to give authority.

136. With the fact that a 4 per cent. stock of a Government was, during the period in question, as you say and as you believe, never below 98, you and Sir Lewis Mallet arrived at the conclusion that the interest on public obligations of the Government of India was 4 *l.* 6 *s.* during that period?—I arrived at the conclusion that the average of the term to which this calculation extended was 4 *l.* 6 *s.* 4 *d.*

137. And during that term the 4 per cent. stock of that Government was never below 98?—I do not think, as a matter of fact, it was below 98.

Mr. *Muntz.*

138. If I gather correctly, you have considered this payment somewhat on the ground of a terminable annuity?—As something in that nature.

139. In the contract of the Company with the East India Company, now the Government, I find this, Section 25, page 24, "That in every or any case in which, under the provisions of these presents, the East India Company shall, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said railway company upon the said line of railway as aforesaid, or to pay for the purchase of the said railway works and stock, it shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare, by notice to the said railway company in London, their option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years." Does not that seem to refer to a calculation which is to be reckoned from the time when the gross amount would be payable?—Precisely so; the gross amount being the sum which the Government have to pay for the railway.

140. I understand, from your evidence, that you consider 125 *l.* was the average fair value of the stock, and that as they could not pay you that in money, they should pay you an annuity which would produce that money?—The language of the clause of the contract, to my mind, specifies that.

141. I understand, from your evidence, that that is your view?—Yes.

142. That

Mr. *Muntz*—continued.

142. That the 125 *l.* should be paid in money, or paid in annuities equivalent to that money?—Exactly.

143. The Jubbulpore line lease does not terminate at the same time as the main line lease?—I think not until the 21st of April 1883. That is four years hence.

144. The 25 years terminates then?—Yes.

145. Have you taken that into calculation in your estimate; you have taken the value of the joint line?—Yes of the whole line.

146. You made no difference between the two?—No.

Mr. *Grantham.*

147. Have you a copy of the 25th clause of the contract before you?—Yes.

148. Will you look at the 8th line of the 25th clause, "It shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare, by notice to the said railway company in London, their option to pay an annuity." That is how it now stands; would there be any difference in the meaning of that clause if you inserted these words, "Their option to pay the said gross sum by an annuity?"—It would merely strengthen the reading which we apply to it.

149. Does not that rather show that in that case it would be clearly the gross sum which was to be paid by an annuity, and where those words are left out, and it is an option which they have to pay the annuity for a certain number of years, it is not merely the repayment of the gross sum, but that it is the sum to be paid annually for 99 years?—What is the question you wish me to answer.

150. Does not that show that there is a difference between the two things; that in the one case it is a gross sum which is to be repaid in the 73 years, and in the other case it is an annual sum which is to be paid for 73 years, or whatever the term is?—I do not think so at all.

151. With regard to the question of obtaining the assistance of the Governor and Deputy Governor of the Bank of England, as far as I understand it, you have not taken the actual rate of interest which is received by people who purchased stocks of the East India Company during the two years, but you have taken the rate of interest on the nominal value of the stocks?—I have, the value returned in the Parliamentary Papers.

152. If that is so, is not the interest which is being taken as the average, rather the interest of periods anterior to two years, than the interest which is payable during the two years immediately preceding, because these stocks and loans are not merely stocks which were raised during the last two years, but they are loans many of which have been raised for some years?—I do not see how that affects the question.

153. Never mind that; that is another question; I want the facts; are not those stocks, the interest of which you have taken to arrive at your average, a great many of them, stocks which have been raised more than two years?—Yes.

154. Therefore, instead of getting the average of two years, do you not in fact get the average of the whole number of years during which those stocks have been raised?—I do not see the effect of the "therefore" in that case.

155. Is it not so?—No.

Mr. *Grantham*—continued.

156. Will you give me a list of your stocks of which you say the average was taken?—Here is the list, the Return of the 1st of October 1878 (*producing same*).

157. I will take East India Bonds; when was the 5,996,000 *l.* raised; that is the amount of debt outstanding in 1878; was not that raised a great many years ago?—It was current at the time.

158. I know it was; but was it not raised a great many years ago?—I have no knowledge of the fact.

159. Do you mean to say that you really cannot tell me whether the East India Bonds were raised more than two years ago?—I cannot tell you the date.

160. I do not want the date?—I have already stated that I believe them to have been in existence prior to two years; but as to telling dates, it is unreasonable to expect me to give them.

161. I simply want to know the fact whether they were not raised more than two years ago?—I said so.

162. Were not the Indian Debentures, 4 per cent., 8,081,000 *l.*, also raised more than two years ago?—I cannot answer the question with the absolute certainty that I shall give a correct answer.

163. Take the Indian 5 per cent.?—As to the 5 per cent. stock, I can answer, because money has not been raised at 5 per cent. in the market recently.

164. How long ago was that raised?—I really cannot answer for that.

165. Ten or 20 years ago?—I should think, probably, about the time of the Indian Mutiny, but it is a mere surmise.

166. We will assume that that was raised 20 years ago; if that is so, are not you, by doing it in the way that you have adopted, doing it in this way; the rate of interest which shall be used in calculating such annuity to be determined by the average rate of interest which has been given during 20 years, instead of during the two preceding years, because it is interest which was fixed 20 years ago. That does not represent the current rate of interest; would not the current rate of interest on this Indian 5 per cent. stock be really the amount that you or I would get if we purchased it in the market?—I cannot answer the question with the precision I should desire, unless I had the facts more clearly before me. I understand the honourable Member to mean that these securities yield a different rate of interest from that which they appear to yield on the face of the Report.

167. Actually to the purchaser at the present time?—I suppose there may be a difference, and that some of them may have been at a premium, which would of course reduce the rate of interest; but I know that some of them were at a discount, and at the very time of the date of that last Return, which I think is the 1st of October 1878, an amount of discredit had been brought upon those securities which reduced their value very much, to the benefit of which I hold we should have been entitled in the calculation.

168. I think you were entitled to it; but I do not think you bring it to the amount which you have given here, if you take the 5 per cent. at the market price. I quite agree with you, that I think you are entitled to take the discount, if there is a discount, and it would be very foolish

Mr. *Crauford.*

1 April 1879.

Mr. *Crawford.*

1 April 1879.

Mr. *Grantham*—continued.

of the East India Company or the Government at the present time to purchase the railway when their stocks are at a discount. It would be in their interest to wait until they were at a premium; is not that the effect of it, that the Government are fixing the rate of the annuity according to the interest charged 20 years ago, instead of the interest on which they can get their money to-day?—The words are "determined by the average rate of interest during the preceding two years in London, received upon public obligations of the East India Company."

169. Does not this 5 per cent. stock represent the interest which they had to pay 20 years ago?—I have no doubt it does.

170. Assuming that no other stocks had been raised since, we should be paying to-day the rate of interest which the company had to borrow 20 years ago, instead of at present?—If my contention is right, that is only the consequence of the wording of the obligation of the Government under the contract.

Mr. *Hubbard.*

171. When allusion is made in the original contract to the authority of the Governor and Deputy Governor of the Bank of England, does it mean more than this, that in case of a difference between the two contracting parties, the Governor and Deputy Governor should be referred to in order to determine what ought to be the precise figure for the settlement of this arrangement?—That is my reading of the clause.

172. Would it not be a purely official reference; would not the Governor and Deputy Governor refer you to the cashiers, and the cashiers to the share list, which stands in the Committee-room of the Bank of England, as in most club houses, to which everybody could have resort, which would, I imagine, be the information contained in the printed papers put before the Committee now?—I have no doubt that would be the course taken.

173. When we come to the precise matter under discussion, namely, the rate of interest, will you permit me to put by illustration a question, not referring to the East India Company, but to our own funds. If a question had been raised as to what should be the average rate of interest paid or received upon Government stock in this country during the last two years, and if Consols had been made the subject of the inquiry, would it have been settled by reference to the price at which Consols had been contracted; Consols might have been contracted during the war at a price of 60 *l.* If they were taken at 60 *l.* of course they would bear a rate of interest of 5 per cent.; do you mean that?—No.

174. Would not it mean this, that the price of Consols during the average of those three years would be ascertained, and the rate of interest to be derived from an investment in Consols during that period would in its results show the rate of interest sought for; for instance, if you found that 88⅛ was the price of Consols upon the average of those two years, would it not be, as a matter of calculation, proven that 3½ per cent. was the rate of interest receivable upon these Government securities?—I suppose it would be so.

175. Is it not in the same way that you have ascertained the rate of interest upon the East India securities which are the subject of enquiry by this Committee, that you have taken several East India securities, and without a reference to their origin or to the original price of issue, you have ascertained the rate of interest which they would yield, taken at the average prices of the period under discussion?—No, not quite so. I have taken the rate of interest which is paid upon those securities, by the Government, that is to say the rate at which they were issued, and at which they are returned in the Government paper.

Mr. *Hubbard*—continued.

176. Do you make the source of your information, fresh operations made by the Government during that period, rather than a reference to the value in the market of their older securities?—Our duty, it seemed to me, was to ascertain what was the fair value of the East India Government securities in the market during this term. We had no other basis upon which to proceed, but to take the amount of their obligations which were extant in the market. We took the rate of interest at which those securities stood, and we made our return upon that.

177. That is, in fact, nothing but the echo of my question to you?—Yes.

Mr. *Campbell-Bannerman.*

178. As I understand it, you read the expression "average rate of interest," as meaning average nominal rate of interest, not average market rate of interest?—I took the return, or a series of returns, made to Parliament by the Indian Government, of the amount and the details of their Indian sterling debt in this country, and I took the rates of interest therein stated.

179. You did not consider the price at which that kind of stock was quoted in the London market of the day?—I did not consider it my duty to do that.

Chairman.

180. You took the whole of the capital at par, and you divided it by the interest payable upon it?—I did.

Sir *Henry Peek.*

181. I believe many years ago there was an East India Stock which bore 10 per cent.?—There is old Company's Stock, which would not have been any security in the sense meant in this clause.

182. Suppose any of that stock had been in the market, you would have reckoned that it yielded 10 per cent., because the Secretary of State for India was paying 10 per cent., although at the same time, if he got a new issue he could put it out at 4 per cent.; and supposing there were a million at 10 per cent., and a million at 4 per cent., you would call that 7 per cent.?—I cannot say what I should have done under such extraordinary circumstances as those; I must beg permission to state, that the average was to run until the 15th February last past, and if the average had run out that length we should have benefited very largely by it; the rate of interest would have been more than 4 *l.* 6 *s.* per cent. In forestalling the 15th of February as period at which the two averages terminated, we were meeting the Government; we were conceding a point to them, because the Government had no right to come to us before that time; it is a part of the arrangement entered into between us and the Government.

183. That

Mr. *Hubbard.*

183. That is a different question altogether. The question now under discussion is an exceedingly important one, because it stands at the very basis of the whole transaction; in fact it is the pivot, the price which is to regulate the whole matter. Perhaps it would be satisfactory to the Committee if, when we meet again, you were to lay before them a distinct statement of the various items of inquiry which have led to the computation of the 4 *l.* 6 *s.* as establishing the price of the securities of the East Indian Government. The motive for it is obvious enough. You were selling a property in return for a security of the East Indian Company, and you were obliged to ascertain what in the market was the value of that security, and the responsibility of the East Indian Company; it was, therefore, most important that it should be properly appraised, whatever it might be. If 4 *l.* 6 *s.* comes to be the result, of course the thing will be proven; but it will be satisfactory to the Committee, as there seems to be some doubt about the process by which it has been arrived at, that a distinct statement should be made of the way in which it has been reached. Now, permit me to pass on to another point which would follow that, but which is not at all in conflict with it, and that is the mode in which the subsequent arrangement has been expressed. I suppose it may be considered as in the Memorandum of Terms, page 14 of the Bill. I think there has been some misapprehension on the part of some Members of the Committee with reference to the action which has been brought in here as to the payment of an annuity. An annuity, I take it, may mean any annual payment. There are permanent annuities. Consols are annuities. There are terminable annuities ending in 1885. An annuity may be a terminable or a perpetual annuity; its value very much depends upon its longevity. In this case you were selling a limited interest held by the East Indian Company in a valuable property, and you had in the first place to arrive at its money value. The money value you worked out by taking the stock, which was nominally 100 *l.* You ascertained that the value of that stock in the market was 125 *l.*, and then you had to determine what price was to be given for that stock, not in money, which would amount, by a simple calculation, to something like 30 millions sterling, but by what was more convenient to the East Indian Government, a terminable annuity. The calculation, as expressed in this Memorandum of Terms, seems to me to brief and simple enough. Assuming it to be properly arrived at, the 4 *l.* 6 *s.* per cent. interest upon 100 *l.* equals, upon 125 *l.*, 5 *l.* 7 *s.* 6 *d.* That would be in the shape of a permanent and not a terminable annuity. You, on the other hand, were going to be paid an annuity which was to determine in 73 years, and therefore you had to determine, in addition to the 5 *l.* 7 *s.* 6 *d.*, the amount of money per annum which, by the end of the 73 years, would replace the perfect exhaustion of your capital?—Yes.

184. That sum you ascertained to be 5 *s.*; the 5 *s.* and the 5 *l.* 7 *s.* 6 *d.* together make 5 *l.* 12 *s.* 6 *d.*, being therefore, when applied to a terminable annuity of 73 years, the equivalent value of the railway which you are preparing to part with?—We did not ascertain the amount to be 5 *s.*, but we took that sum of 5 *s.* as being within the sum which it would really require to reproduce 125 *l.* in 73 years. It requires 7 *s.* 6 *d.* to be invested half yearly, at the rate of 3½ per cent.

Mr. *Hubbard*—continued.

185. A less sum invested at 4 per cent. would produce the same result?—Yes.

186. At all events the 5 *s.* was the agreed figure between yourselves and the East Indian Government to be paid as compensation for the exhaustion of the capital which you were to surrender?—It was, because 5 *s.* upon 125 *l.* is the same as 4 *s.* upon the lower sum, 100 *l.* If 4 *l.* 6 *s.* had not been the agreed rate, the probability is that the negociation would have taken a different turn. If, for instance, it had been 4 *l.* 5 *s.* or 4 *l.* 4 *s.*, we should then have asked for the full sum required to reproduce the capital. The 4 *s.* which we took to reproduce the principal sum at the end of the term was hardly sufficient for the purpose, and the Government were really in substance let off to the extent of 2 *s.* or 3 *s.*

187. You did not insist on the extreme figure which the mere matter of calculation would have entitled you to receive?—No, because the 5 *l.* 12 *s.* 6 *d.* was found in practice to be a most convenient sum in reference to the other matters connected with the arrangement.

188. The fact of the very property you were surrendering being in itself a terminable property, has nothing whatever to do with the fact that when you have once ascertained its money value, that money value may be expressed either in a perpetuity, in a cash payment, or a terminable payment; it is a mere matter of arrangement; you do not deny at all that what you were surrendering was only a leasehold; but having determined the value of that leasehold, you then made your own terms for the repayment on the part of the Government?—That is so; that is the view I have taken of it.

Chairman.

189. Under the existing contract the Company have at any moment during their lease the power of surrendering their property to the Secretary of State, of forcing him to repay them the total amount of the capital which they had expended?—Just so.

190. And they might within six months of the expiration of their lease of 99 years so surrender their property, and thus obtain not only the benefit of the whole lease, but they also could insist on a repayment of the total capital which they had expended?—So far as the property is called a leasehold property, the whole value of it could have been taken from the Government at the end of the 98th year. The Company could have given notice to the Government of its intention to surrender under the contract, and the Government would have had paid back to them the whole of the money which had been expended on the works.

191. Therefore, under the existing contract, and taking into consideration that power of surrender which the Company had, the property of the East India Railway Company would not depreciate in market value as it otherwise would have done, as its lease diminished?—Certainly not, because we should have had the power at the end of getting back our money.

192. You could have obtained the capital which you had expended within a year of the expiration of your lease?—The lease gave us that power.

193. As regards the meaning to be put upon this

Mr. *Crawford.*

1 April 1879.

Mr. *Crawford.*

1 April 1879.

Chairman—continued.

this annuity clause, one or two questions have been asked you as to the wording of the clause; I should like to call your attention to the actual wording of it; it is headed "Annuity Commutation: that in every or any case in which, under the provisions of these presents, the East India Company shall, before the expiration of the said term of 99 years, become bound to repay the capital expended by the said Railway Company upon the said line of railway as aforesaid, or to pay for the purchase of the said railway works and stock, it shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare, by notice to the said Railway Company in London, their option to pay an annuity to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years." I suppose it was because it is only in the event where the Company are bound to repay the capital expended, that they are to exercise this power of an annuity clause that you put upon it the construction which is embodied in this agreement?—Yes.

194. As to the actual effect of this proposed arrangement, can you tell me what the dividend received by the individual shareholders during the last five years has been?—I can tell you the whole amount received from the time when we commenced dividing with the Government the sum over and above the guaranteed interest.

Mr. *Fawcett.*

195. Have you calculated, supposing the Government had paid for the railway not in the form of an annuity but by paying down a gross sum, how much financially they would have gained by it, considering that they can borrow money according to your calculation?—That involves considerations which I can hardly go into here because it means this. The Government would have had to pay us our capital; we will put the interest out of account; they would have had to pay us 26,200,000 *l.*, plus the premium, in round numbers 32 millions sterling at a particular time. The date would have been under the contract the 31st December next. If the Government had not paid the money on the 31st December next they would have failed in their contract and the arrangement must have fallen through. They were not entitled to pay it before the 31st December. Therefore I understood the honourable Member's question to mean what would have been the financial position of the Government if they had to place 32 millions sterling in gold at the Bank of England to our account on a given day.

196. That is not my point at all; my question is simply looking to the finanical results; supposing a certain rate of interest on which this annuity is calculated, how much would the Government gain or lose financially; I am not saying there may not be other reasons against their doing it; supposing they had purchased the railway by the deposit of a gross sum instead of an annuity, have you made that calculation?—I have made no calculation of that kind.

Mr. *Grantham.*

197. At the present time, what is a 4 per cent. bond of the Indian Government worth in the market; a 4 per cent. stock; is it worth par?—

Mr. *Grantham*—continued.

I cannot speak with certainty upon the point, because I have not had occasion lately to inquire.

198. Is it about par?—I do not know. The announcement made two nights ago has affected the value of the East India Government Securities.

199. When this Bill was prepared, was 4 per cent. stock worth par?—No.

200. How much?—It was bought largely at 97.

201. At that same time what would a bond at 4 *l.* 6 *s.* be worth. Would not that be worth over par?—That is a matter of calculation I cannot answer offhand.

202. Assuming a 4 per cent. stock, when this contract was prepared, was selling at 100 *l.*, a 4 *l.* 6 *s.* stock would be selling at more than 100 *l.*?—It would, in the proportion.

203. Assuming that the proportion was one-tenth more, that would represent 110 *l.*?—It is one-thirteenth more.

204. I am putting it in round figures; that would represent 110 *l.*?—Yes, it would, arithmetically.

205. If the Government could borrow money at 4 per cent. at this time, are they not, at the rate of 4 *l.* 6 *s.*, giving you a bonus of 10 *l.* on every 100 *l.*?—The Government could not borrow money at that time at 4 per cent.

Mr. *Muntz.*

206. There is a difference between borrowing on an Indian security and an English security. If the Government were to go in for a loan on Consols or 3 per Cents., it would be very different to an Indian loan at 3 per cent.?—Take the present price of Consols on the one hand, and take the price of Indian Securities on the other hand, and you have no analogous case.

Chairman.

207. Will you state what was the total amount of net receipts of the Company during the five years, and what were the dividends payable on the stock?—In the first place I will say what the receipts have been, the earning power of the Company. In the year 1874 the Company earned 7 *l.* 15 *s.* per cent. net; in 1875, 5 *l.* 13 *s.* 10 *d.*; in 1876, 7 *l.* 6 *s.*; in 1877, 9 *l.* 8 *s.* In 1878 we have not got the return made up to 1 *l.*, but it will give 7 *l.* 15 *s.* This present year is more productive, week for week, than any year preceding it.

208. The figures you have given are the total net earnings of the Company?—Yes.

Mr. *Hubbard.*

209. Net, available for dividend?—Yes.

Chairman.

210. Is that exclusive of the surplus profit?—No, it is inclusive of that. That is the whole earnings of the company; 5 *l.* belongs to us, as the guaranteed amount, the excess above 5 *l.* is divided into two parts, of which the Government take half and we take half.

Mr. *Fawcett.*

211. That is allowing for loss by exchange?—No, we had nothing to do with the exchange; it is sterling.

212. Is

Chairman.

212. Is that whoever became the possessor of the property would, assuming he had been in possession during these years, have received the dividends you have stated?—Just so.

213. Can you state what those dividends represent in actual cash in gross amounts in money? It would have been more convenient if I could have had time to prepare statements showing it. For instance, I may say this from recollection, that in the year 1877 the gross receipts exceeded four millions sterling. The net amount divisible out of that was 2,770,000 *l.* The business of the Company, everything told, was carried on for rather more than 30 per cent. of the receipts only.

214. My object in asking that question was to show what income the possessor of the property would have had during that period. Of course that is a little complicated by questions of exchange. Could you tell us in rupees received in India what the net income of the Company was in any one of those five years?—I cannot give it in rupees, because the whole of our returns and statements are made up in this country in pounds sterling, converted from the rupees at the conventional rate, or rather at the contract rate, of 1 *s.* 10 *d.*

215. Assuming, therefore, that the whole of this dividend had been in the possession of the Secretary of State, the proposed arrangement having been in force during this period, the Secretary of State would have had to pay 1 *l.* 12 *s.* 6 *d.* to each holder of 100 *l.* actual stock, and he would have received the sums you have mentioned?—I imagine so.

216. That is of course making allowance for loss by exchange?—Yes.

Mr. *Grantham.*

217. Do the Government bear the loss on the exchange now?—Yes. All the transactions between the Company and the Government are carried on at a fixed exchange; an exchange fixed under the contract of 1 *s.* 10 *d.* the rupee.

Chairman.

218. Assuming that the Secretary of State had carried out in its entirety the annuity clause, he would have stopped at the first half of this section, and simply paid an annuity to each one of the shareholders, and taken the whole management of the line into his own hands?—Yes.

219. But he has considered it advisable to continue the management of the East India Railway line under the present direction?—Yes.

220. Will you state to the Committee what the arrangements are which he proposes to make in order to carry out that plan?—The arrangement which has been proposed by the Secretary of State, and agreed to by the Company, is this: that it shall be at the option of the stockholders of the Company to leave one-fifth of the annuity of 5 *l.* 12 *s.* 6 *d.* in abeyance for a term of years, which shall not be less than 20 years or more than 50. That is to say, that of the 5 *l.* 12 *s.* 6 *d.*, one-fifth part, or 1 *l.* 2 *s.* 6 *d.*, will remain deferred; the other 4 *l.* 10 *s.* will be paid. The Government will pay to the Company 4 per cent. interest upon the principal sum, as it were, upon the capitalised value of that annuity which remains deferred during the term of the new contract, and in consideration of the Company managing the affairs of the railway, they will be entitled to one-fifth of the net profits of working the line, getting in addition the 4 per cent. interest on the capitalised value of the 1 *l.* 2 *s.* 6 *d.*

Chairman—continued.

221. The arrangement is that one-fifth of the annuity of 5 *l.* 12 *s.* 6 *d.* is to be capitalised, and the present directors will be allowed to conduct the management of the East Indian Railway Company, and to receive one-fifth of the net profits?—Yes; it is not the present directors who will be allowed to do it. It is the management which will be represented by the deferred annuitants. They may elect whom they please to do it.

222. The Secretary of State pays a certain interest upon the annuity as capitalised?—Yes.

223. And they receive one-fifth of the whole net profits?—Yes.

224. So that those annuitants will receive the 4 per cent. guaranteed by the Secretary of State, plus one-fifth of the whole net profits?—Yes.

225. Is any arrangement made by which a certain sum should go to the redemption of the annuity so capitalised?—There is no arrangement made as between the Government and the Company. The arrangement which is proposed, and which this Bill asks Parliament to sanction, is an arrangement internal to the Company. The Government have nothing to do with it, but it requires the sanction of Parliament.

226. The Government not having the power to continue or to hand over to anybody except themselves the direction of the East Indian Railway Company after it becomes their own property?—I suppose so.

227. They have not the power to hand over the direction of the East Indian Railway Company to any other body except themselves?—No.

228. There would be, so to say, by an internal re-arrangement of the present existing East Indian railway companies, a certain body representing the interests of one-fifth of the value capitalised of the present annuity, who, for the next 25 years, will manage the East Indian railway companies?—For a term of not less than 20 years, but it may be 50 years.

229. At the end of that time does the Secretary of State propose in any way to buy up the annuity so capitalised?—It simply revives.

230. As you have stated the main features of the proposal, perhaps it would be as well if you could just go through the remaining sections of the Memorandum, stating to us how each individual section applies to the arrangement; the latter half of Section 1 you have already explained. Section 2 is, "The existing contracts to cease and determine on the 31st December 1879, and the annuity to accrue from 1st January 1880." That is evident enough. Then the next section relates to the power of the Secretary of State to enter into a new contract with the Company for the future management and working of the line for 50 years. It is to be subject to termination at the end of the 20th, 25th, 30th, 35th, 40th, and 45th years, on two years' previous notice being given by either party?—Yes.

231. Then Section 4 is, "In order to provide the Company with a constituent body for the purposes hereafter mentioned, and with a capital in respect of which a share in future surplus profits may be assessed, it is proposed that out of the capital sum payable to the Company, payment of

Mr. *Crawford.*

1 April 1879.

Chairman—continued.

one-fifth part be suspended for such term as may be agreed upon for the duration of such new contract; that is to say, the holders of such new capital shall be a minimum rate of interest per annum, and shall participate in the profits of the line, reverting whenever the contract is terminated to the annuity described in Clause 1, and receiving the same for the remainder of the term for which the annuity is granted, viz., till the 14th of February 1953"?—That is so.

232. Under this it seems that when you arrive at the termination of the period for which the company is to be worked by this new management, the holders of the annnity, on that portion of the annuity which has been capitalised, will revert back to the old annuity?—Exactly so. They will cease to receive the 4 per cent. guaranteed upon the capitalised value of their annuity, which was left in abeyance. They will cease to receive any portion of this, and will merely become annuitants to the extent of the one-fifth.

233. Then, practically, the Secretary of State will capitalise for a certain period a certain portion of the annuity, and at the end of the period the holders of that portion of the annuity so capitalised will go back to the original terms?—Yes.

234. It is an arrangement between the Secretary of State and a certain portion of the shareholders merely on paper, so to say?—So to say. It will have practical effect.

235. What is the financial effect of this; will this portion of the annuity which is so capitalised have a very high marketable value?—That it will have a marketable value somewhat in excess of the value of the annuity in suspense is evident, otherwise there will be no temptation to people to come into the arrangement. A person holding 1,000 *l.* of the stock of the Company will be entitled, at the price agreed to, to 1,250 *l.* He may, if he pleases, take one-fifth part of that in the deferred annuity; that is 250 *l.*; the remaining 1,000 *l.* will be in what I may call the grand annuity; so that in the grand annuity he will get 45 *l.* per year and upon the annuity suspended, and he will get 4 per cent. upon his capitalised value, which will be 10 *l.*, making 55 *l.* If he had taken the whole annuity he would have got 56 *l.* 5 *s.*, and therefore he puts 2 *s.* 6 *d.* of the 5 *l.* 12 *s.* 6 *d.* annuity at stake, as it were, in order to get a share of the surplus profit. What the share of that surplus profit will be, which will be the guide to my answer to the question which the noble Lord puts to me, will depend upon circumstances. If the Railway is not prosperous, if it is badly managed, if anything beyond our control occurs, people will not make anything by it, and the deferred annuity will not be of very large value; on the other hand, it may rise to a fair premium in the market. I do not expect it will rise to a high premium, at all events, not in later years, supposing the contract to be brought to a close in 20 years, because at the end of the 20 years the one-fifth arrangement will expire, and the holder of the money will revert to his ordinary annuity at the rate of 1 *l.* 2 *s.* 6 *d.* a year.

236. I think it is pretty clear from this arrangement, that, assuming the new management can conduct the East India Railway as successfully as has been done during the past few years, the holders of this capitalised annuity will, during the period of management, viz., 20 years, receive a very high dividend?—It will be an interest only in one-fifth of the profits distributed over one-fifth part of their present capital.

237. They receive that one-fifth in addition to the 4 per cent.?—In addition to the 4 per cent.

238. That one-fifth may amount to a very considerable sum; it may amount to 4 or 5 per cent.?—I do not think it will, because the Government in that case would get four times as much.

239. Let me take the last dividend. The dividend for 1878 was 7 *l.* 15 *s.*; that would be, however, in future on 125 *l.* stock?—No, upon 100 *l.* stock.

240. So long as all the capital created under this memorandum is entitled to its full share of the profits of the Company it will receive a dividend, we will assume, equal to that received in past years?—Yes.

241. Then, if you say that one-fifth of the future capital of the company is to be entitled to one-fifth of the profits, we may assume that the profit upon that one-fifth of the capital will be very much the same as the profits upon the whole capital in the past?—It will not be in point of fact, as I can explain.

242. Perhaps I did not make my point clear; it is this: the holders of these capitalised annuities will not only have 4 per cent. guaranteed to them by the Secretary of State, but they will in addition to that have a strong probability of receiving the same dividend as the shareholders at the present moment do?—I do not quite follow that.

Mr. *Hubbard.*

243. What is the meaning of the word "profits" with reference to the future? We understand what profits are with reference to the past; it is the sum given in these figures available for distribution, but in the future what is to constitute profits; is it the balance between the receipts and the expenditure, or the surplus after paying the 5 *l.* 7 *s.* 6 *d.*, which I take to be the permanent charge upon the purchase of the property?—I would refer the Committee to clause 7 of the Memorandum of Terms, which specifies the number of deductions which are to be made after the net working results have been ascertained. There is interest on the debenture bond debt, interest on the debenture stock, a charge in respect of the annuity, the interest on the company's capital contributions to the provident fund, and the interest on the value of the stores in hand at the end of each half-year. The profits will not be so large in the future as they have been in the past supposing the receipts to be the same, and the expenses to be the same, because the deductions will be more numerous than they were under the old system. For instance, the interest on the various stores in hand at the end of each half-year is a new charge which has to be made upon the working expenses before the divisible surplus profits are ascertained. I may mention also that the Company have agreed that the expense of the maintenance of the supervision of the Government over the undertaking is to be another charge; that will amount to 10,000 *l.* in the year to be deducted, so that it is not quite accurate to take the existing deductions as an indication of what will be the future results.

244. There

Chairman.

244. There are certain additional charges which will have to be met out of the net working profits, the principal one being a charge in respect of the annuity, but that charge will be not for the whole of the annuity, but for four-fifths of the annuity ?—Yes.

245. And then all the balance that remains after all those primary charges have been met out of net profits will be divided, four-fifths going to the share of the Government, and one-fifth to the annuity so capitalised?—The one-fifth which is not included will be replaced by 4 per cent. interest guaranteed on the capitalised value of it.

246. And that will be the primary charge?—Yes.

247. Is that charge on the revenues of India, or on the revenues of the Company?—The charge I am speaking of is upon the revenues of the Company.

248. Then the security for the payment of 4 per cent. on that portion of the annuity which is capitalised is the revenues of the East India Railway Company, and not the revenues of India?—These charges stated in this clause of the Memorandum of Terms are the charges which are to be taken into account after the net working result of the half year has been ascertained, and before any division of surplus profit can be made. It is an agreement between the Company and the Government that the annuity, and the expense of the interest, and the debenture bond debt, and the debenture stock, and so on, shall be amongst those items which are to be deducted. But we claim that as regards the holders of the annuity, they shall be a charge upon the revenues of India, because the obligation to pay the annuity is independent of the railway, and it is an undertaking of the Government of India.

Mr. *Campbell-Bannerman.*

249. I was going to ask whether the 4 per cent. is a charge on the revenues of India. Clause 5 rather implies that; "The Secretary of State in Council shall pay on the amount of stock of the Company thus commuted an annual interest of 4 per cent. in London;" if he is to pay it, of course it is out of the revenue of India?—By arrangement between the Company and the Government; with regard to this new contract, it is made a sum which they will reimburse themselves for, out of the working profits.

Mr. *Fawcett.*

250. I understood you to say that a contract had been entered into between the Company and the Government, or else our inquiries would have no pertinence; but of course that is a contract which, in consequence of this Bill being introduced, is subject to the approval of Parliament?—The contract has only been drafted.

251. There has nothing been entered into yet which necessarily binds the Government?—No, for this reason: the contract cannot be entered into until after the Bill has passed, because the Bill alone gives the Government and the Company the power to enter into the contract.

252. Will you explain how you arrive at the result that the current rate of interest on the public obligations of the Government of India, was 42 *l.* 6 *s.*?—I have taken as the basis of the calculation, the Parliamentary Return every six months from the India Office, showing the indebtedness of the Indian Government in this country in sterling money. Under the head of "Loans bearing Interest," there are East India Bonds, India Bonds, India 5 per cent. Stock, and India 4 per cent. Stock.

253. What interest is there on the India Bonds?—Four per cent.; upon the India Debentures 4 per cent. I have taken the interest of those, and I have multiplied the rate of interest into the sum brought out the result, and continuing that over the period of years stated in those Returns, I have divided the whole sum as a common arithmetical operation by the whole amount of the bonds outstanding, and it has produced the result.

254. So that you took each loan at par and multipled it by the rate of interest?—Just so.

255. And then you get the average in that way?—And then get the average in that way.

256. Therefore, according to that, unless a new loan of a different denomination were raised, the rate of interest could not vary from time to time?—Nor practically did it vary much until latterly.

257. It could not according to your calculation?—No.

258. According to the method of calculation you have adopted, the rate of interest could not vary from time to time unless a new loan were raised?—Just so.

259. According to your calculation, unless a new loan were raised, the rate of interest would be absolutely constant?—Yes.

Wednesday, 2nd April 1879.

MEMBERS PRESENT:

Mr. Camperbell-Bannerman.
Mr. Fawcett.
Mr. Grantham.
Lord George Hamilton.
Mr. Hubbard.
Mr. Muntz.
Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

Mr. ROBERT WIGRAM CRAWFORD, re-called; and further Examined.

Mr. *Crawford.*

2 April 1879.

Chairman.

260. I THINK when your examination was concluded yesterday you had explained to the Committee what the arrangements were by which one-fifth of the capital stock of the company could be commuted and capitalised, in order to provide the future direction with a constituent body?—Yes.

261. How will you estimate this one-fifth of the capital stock of the company. Will you take one-fifth of the value of the annuity and then capitalise it, or will you take one-fifth of the present capital?—I take one-fifth of the present capital, which is 26,200,000 *l.* Then I add to that the 25 per cent. of premium, and that makes 6,550,000 *l.* That is the capitalised value of the 1 *l.* 2 *s.* 6 *d.*, which is the deferred annuity; that is to say, it is the fifth part of 5 *l.* 12 *s.* 6 *d.* The capitalised value of that annuity, so deferred, is 6,550,000 *l.*, the capitalised value of the four-fifths, which is paid in the form of an annuity, being the 26,200,000 *l.*

Mr. *Grantham.*

262. The one-fifth, as far as I understand it, is got by taking the capital of 26 millions and then adding 25 per cent. to it?—Yes.

263. That is a fourth?—Yes.

264. That makes it 32 millions odd; you take the fifth of that?—Yes.

265. And then on that fifth the people get one-fifth of the surplus profits?—They get one-fifth of the surplus profits besides 4 per cent. interest.

266. Four per cent. interest would be deducted; before you arrive at the surplus profits you deduct the 4 per cent.?—It is one of the deductions from the net working profits.

267. You absorb the 4 per cent. in the one-fifth of the net profits, or rather you absorb the 4 per cent. in the net profits on one-fifth of the capital?—It is provided in the memorandum of terms.

268. Is not the effect of that this, that you are giving them net profit, not on their original capital, but on their original capital and on the premium too, whereas the net profit should be taken as the net profit on the original capital?—No, because the guaranteed rate of interest is only 4 per cent. now, and it was 5.

Mr. *Grantham*—continued.

269. I do not quite see why that is a reason. At any rate I am right in assuming that you are giving them the net profits, not only on the original capital, but on the original capital and their premium; that you are capitalising their premium for them, and giving them the net profit on that as well as on the original capital?—The Government, for the original purpose stated, which is to provide the company with a constituent body, have agreed that one-fifth of the annuity shall remain in suspense, and the capital sum represented by that one-fifth of the annuity is 6,550,000 *l.*; upon that, which is one-fifth of the whole capital, they get their profits.

Mr. *Hubbard.*

270. Is it not simply this, that having arrived at the actual value of the whole property estimated in money at 32 millions sterling, the Government then, with a view of obtaining a continuous body for the purpose of direction, receive a certain number of the former promoters into partnership with themselves for a given period; that they put in one-fifth, and the Government bear the other four-fifths, and the division of profits will be in those proportions?—I do not know whether it can correctly be called a partnership.

271. I mean in effect?—In effect; in one sense.

Mr. *Fawcett.*

272. What I understand it to be is this, that on one-fifth of the capital the annuity is calculated at 4 per cent. instead of at 4 *l.* 6 *s.* per cent., as it is calculated on the other four-fifths, and those who receive an annuity calculated at 4 per cent. instead of 4 *l.* 6 *s.* per cent., in addition receive one-fifth of the surplus profits; is not that the case?—I really have hardly been able to follow the honourable Member through his statement exactly, with a view of giving a precise answer to it.

Chairman.

273. This is Mr. Fawcett's point, I think; those who hold the annuity will receive a rate of interest at 4 *l.* 6 *s.* per annum?—£. 4. 10 *s.* per annum upon the original capital, without the premium, including 4 *s.* redemption.

274. I mean

Chairman—continued.

274. I mean excluding the redemption?—Then it is 4 *l.* 6 *s.*

275. And those who have their annuity capitalised, namely, one-fifth of the shareholders or share capital of the company, instead of 4 *l.* 6 *s.* interest, will receive 4 *l.* from the Secretary of State, plus one-fifth of the net profits?—They will receive 4 *l.* upon the capitalised value of the 1 *l.* 2 *s.* 6 *d.*, which is the fifth part of the 5 *l.* 12 *s.* 6 *d.*, what I call the grand annuity.

276. Therefore, it will be a question of 6 *s.* as against one-fifth of the profits of the company?—I think I may say yes to that. I am not quite confident in my own mind, because these matters of calculation being put before one, it requires a little time to think over. I think the noble Lord is right in his view.

277. The inducement to shareholders to capitalise their annuity is that they will receive 4 per cent., plus one-fifth of the profits?—Just so.

278. And if they did not capitalise their annuity, they would receive 4 *l.* 6 *s.* interest?—Just so.

Mr. *Grantham.*

279. Do you not deduct the 4 per cent. from the profits before you arrive at what are the net profits?—That appears from the 7th Clause of the Memorandum of Terms.

280. The capital at the present time is 26 millions, in round numbers?—Yes.

281. And the people at the present time get their guaranteed 5 per cent., and half the net profits on that 26 millions?—They do.

282. By your arrangement people are to get, not only the net interest on that one-fifth of the capital, but the not interest on one-fifth of the capital, plus the premium of 25 per cent.?—Yes, the premium is included.

283. Is not the effect of it this,—we will divide the shares into five, and divide the original capital into five, one-fifth of 26 millions is 5,200,000 *l.*; at the present time, do not the holders of 5,200,000 *l.* of this capital get, we will say, 7 per cent. upon that, if it is 7 per cent. that you are paying?—No.

284. Assuming that 7 per cent. is the dividend paid at the present time?—The company gets 5 per cent. guaranteed now, and one-half of the profits.

285. That would be 6 per cent. on the 5,200,000 *l.*?—Yes.

286. After your arrangement is made, will not they get not only the 6 per cent., but 7 per cent., or whatever is the whole of the net profit on this one-fifth; but instead of this being 6 or 7 per cent. on 5,200,000 *l.*, will not the same people get 6 or 7 per cent. on 6,500,000 *l.*; and is not the effect of that this: that instead of their simply getting the net dividend, which would be 7 per cent. on the capital, they are getting 7 per cent., plus 25 per cent. more, which is about 10 *l.* 15 *s.*; are not you giving them 10 *l.* 15 *s.* on their original capital?—I cannot follow that at all; I do not think it is so; I am sure it is not.

Mr. *Fawcett.*

287. I want to understand the exact nature of the position; I will put it as simply as I can; I will suppose that there is a man who holds 500 *l.* stock in this railway; he elects to become one of the persons who participates in the profits; he therefore has 400 *l.*, on which he receives an annuity, and 100 *l.* which will entitle him to a share of the profits; on the 400 *l.* he receives an annuity every year of four times 5 *l.* 12 *s.* 6 *d.*, does not he?—Yes.

288. On the 100 *l.* he receives an annuity of 4 *l.*, and his share of one-fifth of the profits?—Just so.

289. If therefore the net earnings of the company are as they were two years ago, I think 8 per cent., he would then receive on his 100 *l.* his annuity of 4 *l.*, plus 3 per cent., which would make 7 per cent.?—I can hardly say yes to that question without having paper and ink before me.

290. It is not a calculation at all?—May I refer to a statement that was sent out by this company not very long ago along with a circular.

291. I have seen that, but that is very complicated compared with this; I am sure if you will write it down you will see it in a moment?—I have got it before me in print. I am going to refer to that which is before me. A proprietor of railway stock to the extent of 1,000 *l.* is entitled to 1,250 *l.* from the Government. If he elects to take one-fifth part in the new arrangement, that is to say, to leave one-fifth part as the deferred annuity, he will then receive four-fifths of the 5 *l.* 12 *s.* 6 *d.* per annum upon the 1,000 *l.*, which is 45 *l.*, and he will receive 4 per cent. upon 250 *l.*, the capitalised value of the annuity in abeyance; that will make, together, 55 *l.* If he had taken the whole annuity he would have got 56 *l.* 5 *s.* He gives up 2 *s.* 6 *d.* in order to get his share of one-fifth part of the surplus profits of the company. That is the working of it.

292. Nothing could be clearer than that, but what I want to show is this; he gives up 2 *s.* 6 *d.*; the Indian Government has to pay him 2 *s.* 6 *d.* less. If, as was the case two years ago, the net earnings of this company were 8 per cent., his share on 1,000 *l.* of the surplus profits is what?—As I said just now, I must have pen and ink to do that. I have an accountant in the room who can do it for me.

293. If the company pays 8 per cent., the Government in return for this 2 *s.* 6 *d.* makes a payment of 4 *l.* to the holder of 1,000 *l.* stock?—If the profits of the company are 8 per cent. the shareholder will get one-fifth part of the surplus over 4 per cent., that is 16 *s.*

294. If the dividend is 8 per cent., the surplus profits on 1,000 *l.* would be 30 *l.*; one-fifth of that is 6 *l.*, and the consequence is a man who takes this annuity receives from the Government 6 *l.* in return for the 2 *s.* 6 *d.* which he gives up?—No, because we are dealing with 1,000 *l.* in the one case and another sum in the other case.

295. If the dividend which the company could declare, or the net earnings of the company were 8 per cent., then the surplus profits beyond 5 per cent. would be 3 *l.*, that on a thousand pounds would be 30 *l.* One-fifth of that, which is this person's share of the profits, would be 6 *l.*, and in consequence he receives 6 *l.* upon 1,000 *l.* in addition to his annuity?—That seems to me to be 12 *s.*

296. He receives in the aggregate 6 *l.*?—We commenced by talking of a per-centage.

297. We will not unnecessarily confuse this; we will arrive at a result which the public can understand, at any rate. Put it as you like, as a per-centage or not, he receives on the 200 *l.*,

Mr. *Crawford.*

2 April 1879.

Mr. *Fawcett*—continued.

dealing with 1,000 *l.* now as you read it, 8 *l.* as an annuity at 4 per cent., and in addition to that he receives, as his share of the extra profits, 6 *l.* Therefore on this 200 *l.* he receives interest at the rate of 7 per cent.?—I do not wish to appear to avoid giving an answer to the question, but my experience tells me that rough mental calculations frequently fail from want of seeing the exact points involved.

Chairman.

298. The net profits in the future will be different from the net profits in the past, inasmuch as one of the charges, the primary charge, is the 4 *s.* for the redemption of capital included in the annuity?—The whole charge in respect to the annuity is one of the charges to be deducted from the net working profits.

Mr. *Fawcett.*

299. You deduct 5 *l.* 12 *s.* 6 *d.* instead of 5 *l.*?—Yes. Then there are other new charges brought into account. There is the interest on the value of the stores in hand at the end of every half-year. Hitherto we have not made any account of the interest on the cost at which these stores stand on the books. We have as much sometimes as 800,000 *l.* worth of stores on the books, and interest chargeable against that becomes a very serious deduction from the working profits. Furthermore, the Government have requested or required us to allow as a deduction the expense of the establishment to be maintained by the Government for the purpose of keeping up the supervision over the railway, which hitherto the Government have borne themselves. There are other charges of the same kind which do not occur to my mind, not very much, perhaps, but they all tend very much to increase, as compared with the present, the deductions from the net working profits before the divisible surplus is ascertained.

Mr. *Grantham.*

300. Can you tell me, assuming that the railway is worked at the same rate of profit at which it is being worked now, and paying, under ordinary circumstances, 7 per cent., what would the one-fifth of the surplus profits be, or what would the surplus profit be on one-fifth of the capital?—I have a paper before me, which I think will answer the question, the basis being the average net earnings of the line in the years 1876, 1877, and 1878; a rate of exchange must be assumed as the rate at which that money, being received in rupees in India, would be convertible into pounds here; I do not know exactly what rate to propose in the present state of things; I will take, for the sake of argument, 1 *s.* 8 *d.*, if you will allow me; the average net earnings of the railway during the three years I have named were 2,171,444 *l.*; the deductions, including some, but not all, of those stated in Clause 7 of the Memorandum of Terms, would be 1,651,500 *l.*; therefore the surplus profit divisible would be 519,944 *l.*

Mr. *Campbell-Bannerman.*

301. That is quite exclusive of certain of the new charges in this Clause 7?—It is. There would be further charges, and the amount would consequently be reduced.

Mr. *Muntz.*

302. This is the net earnings that would be divisible in those three years?—The surplus after the deduction of some of the charges stated in Clause 7 of the Memorandum of Terms, but not of all. Four-fifths of that 519,944 *l.* belonging to the Government would be 415,955 *l.*; the one-fifth coming to the company would be 103,989 *l.*; that would be the profit to which a capital of 5,550,000 *l.* would be entitled. A holder therefore would get 4 per cent. in the first place paid in cash to him, and in the second place he would get 1 *l.* 11 *s.* 9 *d.*, making his whole return for his money left in the concern, 5 *l.* 11 *s.* 9 *d.*

Chairman.

303. That is taking the whole charges?—Yes.

304. It includes the great proportion of the new charges, but not all?—Not all; and there are further charges which will have to be deducted over and above those stated in Clause 7, which I mentioned just now.

Mr. *Campbell-Bannerman.*

305. But they are comparatively small in amount?—Comparatively small in amount. I think I may sum it up in these words,—that if the railway company were to make the same as was made in the three years stated here, and the amount of deductions were the same, the utmost that a man leaving his money in the concern would get would be 5 *l.* 11 *s.* 9 *d.*

Chairman.

306. At present the surplus profits are brought home at the market rate of exchange, are they not?—Yes.

307. What arrangement is made under this Memorandum as regards the payment of its surplus profits?—At the present time the company in this country draws from India in the best way that it can its share of the surplus profits lying there, made available to it by the Government. We generally have got that by drawing bills here in the market, and selling them. We shall have to do so in future. In the calculation I made just now, the exchange was taken at 1 *s.* 8 *d.*, which may perhaps be a fair exchange. But another and a very important element comes into view now. Hitherto the guaranteed interest has been made chargeable to the net working profits at a fixed exchange of 1 *s.* 10 *d.* Hereafter, the net working profits are to be charged in India with the disbursements made in this country at the rate of exchange of the day to be ascertained; and, therefore, instead of having the certainty of 1 *s.* 10 *d.*, there is a considerable risk and uncertainty attending the future. Unless some of the ingenious minds which are now at work can improve the state of exchange, the probability is that the shareholder will be put in a worse position than the statement I just now read leaves him in, because the sum to be deducted from the net working profits in India would be enlarged by the considerable addition which would have to be made in consequence of the difference of exchange between 1 *s.* 10 *d.* and the rate, whatever it might be.

308. I do not quite follow that statement; at present, in payment of the guaranteed interest, the Government allow 1 *s.* 10 *d.* for every rupee paid by the East Indian Company into their treasury in India?—Yes.

Chairman—continued.

309. In future, all payments will be made by the Company into the treasury of the Government at Calcutta, or elsewhere in India?—Yes.

310. And the Government will pay an annuity in sterling here?—Yes.

311. Therefore the question of exchange will not in any way affect the annuity of the shareholder?—The annuity of the annuitant will not be in any way affected, because it is a payment contracted to be made here in sterling.

312. Then as regards the surplus profits, those who are entitled to participate in them will be in exactly the same position as they are now?—No, they will not be in exactly the same position, because the sum paid away in sterling money here will be brought to the debit of the account in Calcutta, at the current exchange of the day. I have assumed it will be 1 *s.* 8 *d.*; it is now under the contract 1 *s.* 10 *d.* We shall be charged, therefore, at the rate of a rupee for every 20 *d.*, instead of a rupee for every 22 *d.*, and consequently the amount of the net working profits in rupees in India will be very much decreased.

313. At present you get home your surplus profits as best you can?—Yes.

314. Under this proposed arrangement, the Government will get home the surplus profits as best they can?—For their purposes.

315. And for the purposes of those who are entitled to one-fifth of them?—No, they will not get them for the purpose of the one-fifth holders. Those persons will have their money paid to them by the company from the means at the company's disposal in Calcutta, brought to this country in the best way they can.

316. Then they are exactly in the same position as they are now?—No; it is very different when you come to work it out.

317. If now all surplus profits to which the company are entitled are brought home by the company at the market rate of exchange, and if in future that portion of the surplus profits to which any portion of the shareholders is entitled is to be brought home, how will they be worse off?—They will be worse off because the surplus profits divisible will hereafter be less than they are now, inasmuch as they will have to bear the charge of a transfer of the money in account from London to Calcutta, at a varying rate to be determined from time to time, instead of the rate of 1 *s.* 10 *d.* I am assuming that the rupee will not recover its value beyond 1 *s.* 10 *d.* If the rupee remains below 1 *s.* 10 *d.*, then the net surplus profit divisible between the company and the Government will be reduced, and we shall bear one-fifth part of the loss.

318. I am afraid I do not understand now; the surplus profits to which the company in future are to be entitled, will be brought home by them?—Yes.

319. They are brought home now by the company?—They are.

320. How will the position of the shareholders in the future be worse than it is now?—Because the fund, of which the company's share of surplus profits is one-fifth, will be diminished. The profits themselves have to bear the expense of the charge of the money at a varying rate of exchange, which I assume will be worse than the present rate of 1 *s.* 10 *d.*

321. The rate of 1 *s.* 10 *d.* does not apply to surplus profits, but only applies to the guaranteed interest?—I am comparing the present with what I suppose will be the future state of things.

322. Does the 1 *s.* 10 *d.* apply to the guaranteed interest now?—It applies to the guaranteed interest.

323. It applies only to the guaranteed interest?—Yes, and not to the surplus profits.

324. The surplus profits will be in exactly the same position?—The surplus profits, taken simply by themselves, would be in exactly the same position; we get them on the best terms we can; all I want to show is that our share of the surplus profits available to us in Calcutta will be diminished, from the fact that we shall have to provide out of those earnings in Calcutta the amount of guaranteed interest here at a rate of exchange which will be worse than 1 *s.* 10 *d.*

325. At present every rupee paid by the company into the Government treasury is estimated to be worth 1 *s.* 10 *d.* In future it will only be estimated at its market value, which in all probability will be below 1 *s.* 10 *d.*?—That is a correct view of it.

326. There is a proposal contained on page 16 as regards commutation of an annuity of 5 *l.* 12 *s.* 6 *d.*; can you explain that to the Committee?—That is a part of the recital; the memorandum of terms finishes with Clause 11.

327. Are there any other arrangements by which the annuitants can commute their annuities into stock?—The Government have made a proposition that annuitants shall receive payment of their capital, if they please, in Government stock, ordinary Government 4 per cent. stock; that is to say, a man entitled to 125 *l.*, may receive, instead of the annuity, 125 *l.* in that stock which is guaranteed not to be paid off before the 10th October 1888; after that he takes his chance; the Government may exercise their power of paying him off if they can do so, or it may go on; it is subject to arrangement; he becomes a general creditor of the Government; he loses altogether his connection with the company.

Sir *H. Peek.*

328. That would be India Stock?—Yes.

Chairman.

329. Is there any limitation as to the number of shares, or the amount of stock which may be so commuted?—No, it is open to every shareholder, under a circular which was issued not long ago, to exercise his option.

330. Is there anything in the Bill relating to that commutation?—There is nothing in the Bill that I am aware of; the Bill was drawn and deposited, of course, within the prescribed time, which, I think, was the 17th December, and at that time the suggestion of the Government had not made any way. It is only recently that they have written to the company requesting them to make that offer to the shareholders; the offer is stated in the circular letter which I referred to just now.

331. In fact you, as Chairman of the Board of Directors of the East Indian Company, have been authorised by the Secretary of State to say that he will pay a lump sum down of 125 *l.* for each 100 *l.* of capital stock in place of the annuity?—In stock; not in money.

332. Have you any idea if that offer will be generally accepted?—We keep an account day by day of the number of applications which come in.

Mr. *Cranford.*

2 April 1879.

Chairman—continued.

in. Down to yesterday the amount and number of applications for the Government of India 4 per Cent. Stock was 385 holders of 474,360 *l.* of the Company's stock, for 592,950 *l.* of the Government stock, but the shareholders have under the conditions of the Government letter the option of deferring giving an answer till the 26th May. I confess I do not think there will be a very large amount applied for.

333. Is there a large amount of trust money in the company?—There is a large amount of trust money in the company, but of course, like all public companies, we disclaim any knowledge of trusts. We can only infer that double accounts, that is, in the name of two or more persons, are trusts.

334. With your financial experience, will trustees, do you think, accept this annuity?—The trustees cannot accept the 5 *l.* 12 *s.* 6 *d.* annuity, because it is what I believe in law is termed a wasting security. It is for that reason that we have proposed in this Bill provisions under which they may relinquish so much of the 5 *l.* 12 *s.* 6 *d.* as being invested continually and held in trust will re-produce the principal sum of 125 *l.* at the end of the term of 73 years.

335. Who will conduct that operation of investing the annual amount?—The interest will be paid to the company for distribution amongst the shareholders, and those shareholders who may elect to do so will authorise the company to deduct the 7 *s.* 6 *d.* annually from the amount of their annuity. That 7 *s.* 6 *d.* will be paid into the Bank of England, and there it will be invested in the names of the Governor and Deputy Governor of the Bank of England and the chairman and deputy chairman of the railway company to accumulate.

336. By whom will it be invested?—By the four trustees; practically, by the Governor and Deputy Governor of the Bank of England.

337. Will this be a payment that is made by the Government, or by the Board of Directors of the East Indian Company?—The Government will have nothing to do with it. They will pay the amount of the annuity of 5 *l.* 12 *s.* 6 *d.* half-yearly to the company, and we shall deduct at the rate of 7 *s.* 6 *d.* per annum every half-year the amount of money which I have named for the purpose of the accumulation.

338. It is simply a private arrangement between certain shareholders and the Board of Directors?—The Government have nothing in the world to do with it, and it is done purely for the convenience of persons who we presume to be trustees.

339. Are there any other powers and options given to the shareholders of commuting the value of this annuity except that which you have mentioned?—There is no other.

340. In fact, you have now explained the whole of the financial operations proposed in the memorandum?—I think I have.

Mr. *Fawcett.*

341. When does the time expire for the giving effect to the option of whether a man takes the whole of his capital in annuity, or partly in annuity and partly in share of profits?—Under the Bill the company have to address themselves to the shareholders, requesting them to state what their decision may be, as to whether they will take the whole of the

Mr. *Fawcett*—continued.

annuity of 5 *l.* 12 *s.* 6 *d.*, or whether they will take the one-fifth. After that they will have to make another communication to their shareholders, requesting to know whether, if they take the annuity and do not take any of the fifth, they will take the plain annuity of 5 *l.* 12 *s.* 6 *d.*, or the annuity subject to the deduction of 7 *s.* 6 *d.*

342. Has that application yet been addressed to the shareholders?—A public meeting was held not long ago, when the whole matter was gone very fully into. A verbatim report of the proceedings at that meeting was printed, and a copy of it sent, by my desire, to the honourable Member.

343. Did you form any idea of to what extent the shareholders will avail themselves of this option of taking a share of the profits?—I think that it will be availed of to the full extent.

344. Everyone will take it, in fact?—Everyone who can.

345. As I understand this agreement, the Government agrees, for certain reasons, to give to the company, if they wish, one-fifth of the surplus profits; that is the case, is it not?—Yes.

346. What arrangement is made in estimating these profits. If this Bill passes, and during the next five years an extra amount of 10 millions of capital is for various reasons spent on the line; as I understand, the line at the present time is double for 400 miles, and single for 1,100; suppose the Government should decide that it would be advantageous to develope the line, and make it double throughout, and they spent a considerable amount of capital, and expending that capital they increased the earnings and increased the profits, would the shareholders be entitled to one-fifth part of those extra profits, as well as one-fifth part of the profits which were obtained on the whole capital?—It would be difficult to make a distinction; you could not divide the accounts of the company, so as to show what was due to new capital and what was due to old capital.

347. As I understand this arrangement, they will not only be entitled to one-fifth of the profits which arise from the existing capital, but one-fifth of the profits that may arise from whatever amount of capital may in future have to be spent on this line?—As their reward for managing the affairs of the company, and for superintending the outlay of this additional money.

348. But, as a matter of fact, there is no doubt about it; if, for instance, as often is the case, the Government should decide it is advantageous to increase this capital which is now 30,000,000 *l.*, to 50,000,000 *l.*, in order to develope the line, these shareholders would be entitled to one-fifth of the profits which were secured upon this capital of 50,000,000 *l.*?—No doubt it would be so; but the interest upon the money so raised would be an additional charge upon the working profits, and the labour of the company would be proportionately increased, as they would have much more arduous duties to perform, and all the responsibilities incurred in the outlay; perhaps the Committee will allow me to say this; in view of the contingencies which the honourable Member has stated, the company sent out rather more than a year ago their consulting engineer in this country, Mr. Rendel, to confer with the officers of the Government, and arrive, if possible, at some view as to what the probable amount

Mr. *Fawcett*—continued.

amount of increased expenditure would be for what we may call the development of the line, including that particular addition to it which has been mentioned, namely, the doubling of it. The whole question was very carefully investigated in India by Mr. Rendel, and by the officers of the Government, and he, on his return, addressed a report to the board of the company here which has been printed. I think he assumed that according to the views entertained at the present time a further outlay of about 2,100,000 *l.* would be required to give full effect to the policy contained in the present scheme of the company.

349. As I understand the exact nature of it, suppose I am a shareholder in this company, and I elect to take four-fifths of my capital that I may have invested in the annuity, and one-fifth in the form of 4 per cent. and a share of the profits, what trouble should I have in the management of the company if I were not a director, except to receive a cheque which the Government might hand over to me; what difference would it make to me so long as it was a paying concern whether the capital of the company was 30,000,000 *l.* or 50,000,000 *l.*?—I suppose there is no company in existence where there is actual trouble incurred excepting on the part of those charged with the administration of the affairs of the company.

350. I was speaking not of the directors, but the answer you gave me rather led to the conclusion that if it were necessary to increase the capital of this company from 30,000,000 *l.* to 50,000,000 *l.*, more weight and additional responsibility would be thrown upon the shareholders, and the extra profit they might receive would represent the recompense for the extra labour and responsibility which would be thrown upon them?—It does not follow that there would be any extra profit.

351. But suppose there is; the shareholders would be in just the same position as the shareholders of any other company, and whether the capital of this company is 30,000,000 *l.* or 50,000,000 *l.* or 70,000,000 *l.*, it would not make the slightest difference to them so far as trouble and responsibility went?—It would not, to them personally.

352. If the capital of this company is increased, and if it turns out to be remunerative, they will participate in larger profits without contributing anything more?—If the profits are earned they would. If, on the other hand, the outlay were unproductive, then they would suffer for it in the larger sum deducted from the net working profits.

Chairman.

353. In this memorandum there are certain things which will be deducted from the net working profits; certain stock, and a certain debt. Now take this case; supposing the Indian Government were, as Mr. Fawcett presumes they might, to spend a certain sum of money in doubling the line of the East Indian Railway Company, there is nothing in this section which would enable them to deduct from the net profits the interest on the money they would raise for the construction of that line?—No, there is nothing in this section, but in the Bill we are authorised to enter into contracts with the Government for various purposes, and the contracts would include provision that any money

Chairman—continued.

raised for any purposes of that kind would become a charge.

354. You agree that these words themselves are not sufficient?—No; they do not include it.

Mr. *Fawcett.*

355. According to that, under the Bill, what security have we that that would be put in. The interest on that money would not be a charge on the railway?—It is not included here because we are dealing with facts here; the other is the possibility in the future. We cannot put the contract in now, though it has been drawn, for this reason; it cannot be entered into until the Bill is passed. It is the Bill only which gives us power to make the contract.

356. You could enter into a conditional contract in the event of the Bill being passed?—It amounts to that in point of fact. There can be, as far as I am aware, no reason whatever why this contract between the Government and the company should not be as public as the Bill is, and as much under the control of Parliament, if you please. I may state that the Bill is drawn in conformity with the last section of the memorandum of terms, to carry out the arrangements which are here put forward in the letter from Sir Louis Mallet to myself. Subsequently we have received from the Government a further Memorandum, stating some conditions which they wish put in the contract, rather enlarging their advantages, I think, and perhaps making (to use a common expression) their hold over us a little more tight. The 11th section says: "The details of the future relations of the Secretary of State in Council and the company in this country, and between the Government of India and the executive of the company in India, will be founded mainly on the arrangements made under the existing contracts." We have had therefore to import into the draft of the contract so much of the existing relations as is shown in the existing contracts as is not inconsistent with the new arrangements in view. That is precisely the frame of the contract.

357. I am in this position; having devoted a good deal of attention to this subject, I think the existing contracts are the most extraordinarily unfavourable contracts that ever were entered into by a Government; and as I understand this 11th clause which you have just read, these new contracts are to be based upon those contracts?—They are to be based only as to matters of what I may call the relations between the Government and the company; that is, the power of the Government to control us, and to take part in our proceedings, and so on.

358. What defines "the company" when you say the profits made by the company; suppose, for instance, under this company the Government should agree to make a new line, is there anything in this Bill to prevent the shareholders, who have a fifth of the profits, participating in the profits of that new line, in connection with the present line; suppose they decide to throw out half-a-dozen branches?—The contract, I think, will lay down that the Government may enter into a contract with this company for the construction and working, or for the working of any line now in existence which is in connection with the railway, upon terms that are to be agreed upon in each particular case. That is the view

Mr. *Crawford.*

2 April 1879.

Mr. *Fawcett*—continued.

we have taken of a suggestion made to us by the Government upon that particular point.

359. It seems to me it is left in this position: the original Midland Railway, for instance, was a short line, we will say from Derby to Leicester; if anyone had been entitled to one-fifth share of the profits of that line, and it still had been called the "Midland Line," they would be entitled to one-fifth of the profits on a line when the capital has been increased tenfold; is there anything in this Bill to prevent a similar thing occurring?—I do not see any analogy at all between the two cases.

360. Suppose this company is very much extended?—I have stated what the provisions are intended to be, as I understand, between the Government and the company.

361. What I mean is, not what they are intended to be, but, so far as this Bill is concerned, and any documents that we have before us, however much this company is developed, however much the line of railway is extended, however much the capital of the company is increased, according to the Bill which we are now considering, the existing shareholders, if they like, will be entitled to claim one-fifth share of the profits for 20 years?—For a term of not less than 20 years; the Government will then have the power of coming in. With regard to these works which are in contemplation, to which I referred just now, it will take a long time to execute and carry them out; and after they have been executed and carried out it will take some time to develope them.

362. Has it not been proposed to extend the line beyond the existing terminus?—Never. The policy of the company has always been to rest content with that which it had got, and not to indulge in branches or any additions at all.

363. Still I am correct, am I not, that they would have their share in all the profits?—You are correct in that. But I wish to say this, that our line is so to say self-contained. It proceeds in a well understood direction of trade and commerce from Calcutta to Delhi. It cannot go to the right or to the left, because there are existing railway enterprises there. We must be content to remain where we are. Any additions that may be made will be of a very minor character merely for the public convenience. The principal work contemplated at the present time is making a bridge over the river Hooghly about 20 miles above Calcutta, for the purpose of taking the line into Calcutta, and that I am afraid is one of those things which will have the effect rather of benefiting the public, in one sense of the word, than benefiting the railway company or those concerned in the profit to be derived from the outlay of the money.

364. That is the extension to which I was referring. That would be a very large work, and if it should turn out to be remunerative, the Government would have alienated one-fifth of the profits of that extension?—No doubt it would be so. If the honourable Member assumes, I may assume too that the outlay is not profitable.

Mr. *Herbert.*

365. Would not it be a reasonable interpretation of the arrangement, as to which you have just been answering, that the Government and the company having agreed between themselves upon the value of the property which the company had to sell and the Government to buy, they are so satisfied of the justice of the terms that they are both willing that the company should continue to be interested to the extent of one-fifth upon equal terms for a certain period longer?—It is so.

Mr. *Herbert*—continued.

366. Does not that fact show that both of the parties are satisfied that the terms are equitable on both sides?—It is so.

Mr. *Muntz.*

367. You stated just now that these proposed annuities, if the Bill passed, could not be accepted by trustees; the 4 per Cent. Indian Government Stock is accepted by Government, is it not?—Yes.

368. Was your calculation of the profits of 1876, 1877, and 1878 inclusive, that made in rupees or in sterling?—It is the rupee currency converted for the purpose of the statement into sterling money at 1 *s.* 8 *d.* a rupee.

Mr. *Grantham.*

369. I may be wrong, but it seems to me, looking at the Act itself, that the deductions that ought to be made prior to arriving at the surplus profits are not set out in the Act. All it says is in the 10th clause of the Act, the 3rd line on page 21: "And for the participation by the company to an extent not exceeding one-fifth in the profits of the undertaking: Provided always," &c. It does not say in the Act how you are to arrive at the surplus profits of the undertaking?—I think that is provided for in the contract.

370. If you look at Clause 22, it says; "From and after the commencement of this Act, the company may enter into and conclude with the Secretary of State any contract or contracts for any of the following purposes, in addition to the purposes for which powers are given to make contracts under or by virtue of any of the Acts relating to the company; that is to say (*a*), the carrying into effect the memorandum of terms come to between the company and the Secretary of State, and any addition thereto or modification thereof as may be agreed upon between them." It would appear from that that although those are the terms which are embodied in this Act, so far as the preamble is concerned, yet they may be departed from in the contracts that are to be made between you and the Government?—If they are departed from it will only be to our disadvantage, I suppose; speaking from a strict point of view, the honourable Member is right.

371. With regard to the other question which Mr. Fawcett was putting; there is, practically, a new company to be formed out of your present company, by taking one-fifth of the present men, or anybody else that likes to come in, it will be a new company formed for the purpose of working it; practically, it will come to that?—It will not be a new company, I think, legally speaking; the old company will not cease to exist.

372. Practically, it will be a new company?—It is the old company to a limited extent, as regards its proprietors, in a state of abeyance in some respects. It is a company for the purpose of working the line on the part of the Government, and to be remunerated in a particular way.

373. Practically, it is a new company formed for the purpose of working the line?—Yes; I understand what the honourable Member means though I would not exactly accept it as a definition.

Mr. *Grantham*—continued.

374. It being a new company formed for the purpose of working the line, the difference between the interest of the old company and the new to see that the money is properly expended is this, that in the case of the old company they are practically interested in seeing that the directors do not spend too large an amount of capital, because unless the capital so expended is remunerative they lose their interest on the capital, and in the present case they lose no interest on the capital expended at all; they only lose their chance of a profit on the surplus earnings?—The expectation of a profit being the only thing which induces them to go in, the loss of that profit is a great loss to them.

375. That is the difference, is it not; in the one case they lose the interest on the capital expended, and in the other case they stand to lose is a share of the surplus profits?—Just so.

376. Which is a very different thing from the interest on the capital sum?—Yes.

Sir *Henry Peek.*

377. I think you said the policy of the present directors was to stick to their line as it is?—It has always been so since the line was finally settled.

378. Supposing, for political or other reasons, the policy of the Government should be different, are the one-fifth people, *nolens volens*, committed to anything beyond?—As the contract is now drawn, any arrangements for addition to the system of the company must be a matter of agreement for the time being, and I apprehend that being the case, it could not be entered into unless with the consent of those persons whom the honourable and learned Member calls the new company. They have an interest in seeing that no expenditure is incurred which will diminish their profits.

Sir *Henry Peek*—continued.

379. If they did not like any proposed additions, they would have the opportunity of saying: Well, if this is to be made, it must be made by the Government at their own risk?—Exactly so; that is the intention of the Government and of the contract at this moment.

Chairman.

380. Will you furnish the Committee with a statement showing the financial results of the management of the East Indian Railway Company since its formation?—I will have a statement put in hand immediately; and, as I understand the Committee is not likely to meet again until after Easter, I will see that it is forwarded to the Clerk of the Committee.

Mr. *Crawford.*

2 April 1879.

Tuesday, 22nd April 1879.

MEMBERS PRESENT:

Mr. Fawcett.	Mr. Hubbard.
Mr. Grantham.	Mr. Muntz.
Lord George Hamilton.	Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

Sir LOUIS MALLET, C.B., and Mr. E. R. CAVE-BROWNE, called in; and Examined.

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

Chairman.

381. (To Sir *Louis Mallet.*) I BELIEVE, as Under Secretary of State for India, you are cognisant of all the negotiations which have recently taken place relating to the purchase of the East India Railway?—Yes, I am.

382. We have had given in evidence before us the probable financial effect of the proposed arrangements. The Committee, however, were anxious to have some statement from some one of authority as to the reasons which induced the Government to enter into this negotiation with the East India Railway Company for the acquisition of the line; perhaps you can give that information to the Committee; and as the Bill which is before us refers to two transactions of rather different characters, I think it would be as well, if you could, to divide your statement, and refer first; to that part of the transaction which relates to the acquisition of the line, and then secondly, to the proposed arrangements for the future working and the management of the line?—With regard to the acquisition of the line, as to the general policy which the Government thought it right to adopt on this occasion, I may observe that it has been for a long time foreseen that whenever the time arose for the possibility on the part of the Government of acquiring the line, a very important question would arise as to the course to be taken, and I think that both on the part of the Government of India and on the part of the Home Government there was a very general concurrence of opinion that on the whole it was desirable to avail themselves of the power given by the contract, and to acquire possession of the line. The reasons for that are very easily stated. The line had been a very great commercial success of late years; it had originally, no doubt, cost a great deal of money, but it had been for several years steadily improving in value, and had become extremely valuable property, returning to the shareholders an increasing rate of interest, and for the last year or two a high rate of interest. Looking to the future and the extreme probability of a very large expansion of trade on the line, it appeared very difficult to the Government to forego the opportunity of acquiring a property which might at some future time become one of very great value indeed. On the other hand, there were a considerable number of authorities connected

Chairman—continued.

with the Government at home (I do not think, that on the part of the Government of India there was any difference of opinion), who thought that it was very desirable to leave the management and the possession of the line in the hands of the company, and to confine ourselves to the endeavour, if possible, to renew our engagements with the company on terms more favourable to ourselves, by granting them a new lease under which we should have taken to ourselves a larger share of the profits. This view was held by many persons of very considerable authority, and was urged with very great force and with a considerable cogency, and there was a great deal to be said for it; so much so that it became an element which it was absolutely necessary for the Secretary of State to take into account in deciding on his policy. It was very difficult for him, without very strong reasons, to overrule the arguments which were laid before him by some members of his own council, and by others who were very strongly in favour of leaving the company in possession of the line; and the reasons, I think, which ultimately induced the Secretary of State at the time to decide on the purchase were, first of all, the reason I have already mentioned; that is to say, the probability of the property becoming one of great value in future years, and also what may be called, to a certain extent, a political motive, the conviction, that in India particularly, it was a very important thing for the Government to have something amounting, as nearly as possible, to absolute control over a great line, with a view to arrangements with other companies and with future lines for all sorts of objects, all the objects of Government, in fact. These were the considerations which induced Lord Salisbury, then Secretary of State, when the time arose at which it appeared quite necessary to make up his mind as to the course to take (I think it was in the autumn of 1877) to decide, as he did, with the concurrence of his Council, after great discussion, to avail himself of the power given by the contract and to acquire possession of the line. At that time the mode of acquiring it was not decided, but a communication was made to the Government of India, stating the opinion of the Secretary of State in Council, and requiring their opinion on the subject.

383. Then

Chairman—continued.

383. Then I assume you had to consider the methods by which under the contract you could purchase the line?—Quite so. That consideration, as I have just observed, arose subsequently. At the time I am speaking of, historically (I am giving an historical account), as far as my memory serves me, I do not think in the original communication to the Government of India any particular mode of acquiring the line was indicated, I think it was a question which was left open, and on which the opinion of the Government of India was rather invited. But when their reply was received (which not only agreed with the Secretary of State as to the policy of purchase, but expressed the most emphatic opinion in favour of it), which was not till towards the middle of 1878, then the question arose as to the method by which that purchase was to be effected. The Committee is quite aware that in considering that question the Government was bound, at all events, in the first instance, by the terms of the contract. The terms of the contract were very distinct; there may be no doubt differences of opinion as to the construction to be placed upon those terms, and as we all know there have been very great differences of opinion. However, it had been a matter which for years had been under discussion in the India Office, and, at all events, the India Office had made up its mind as to the construction which ought to be placed upon the terms of the contract. Generally speaking, there were two courses which were prescribed, and two courses only, by the contract; one was to acquire the line by paying the company in cash the value of their shares, calculated on the average mean value of the shares in the London market for three years preceding the purchase; and the other was to proceed by way of annuity to purchase the line by payment of an annuity, in which case the rate of interest was to be calculated on the rate of interest received on the Secretary of State's securities in London for two years preceding the purchase, with a sinking fund to be added for the purpose of replacing the capital of the company at the end of the residue of the term of the original contract, namely, 73 years. Those were the two courses which were open to the Secretary of State under the contract, and after very great discussion, and an exchange of views with the chairman of the company, he ultimately decided upon proceeding by way of annuity. I should say perhaps that the Government of India had suggested in the first instance that we should endeavour to propose to the company a third course, which was to offer them four per cent. stock. That course was one which we had no sort of power to insist upon; it was an offer which we had a right to make by way of a compromise, and it was submitted confidentially to the chairman of the company, and the Secretary of State was informed that that proposal would not be acceptable to the company, and that it could not be accepted as a basis of negotiation. We therefore were obliged to fall back upon the terms of the contract; and the two courses which I have already indicated were open to us. To proceed by the first course, that is, to pay the company in cash, would have been in the opinion of all the financial authorities who were consulted by the Secretary of State an extremely dangerous course; it would have involved the raising of a

Chairman—continued.

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

very large loan at a time when it was extremely undesirable to do so. I may mention one circumstance which of itself is quite sufficient to render such an operation one of extreme hazard and great imprudence. In the year 1880 the time will have arrived for the paying off of a very large loan of 17,000,000 *l.* at 5 per cent.; that will involve, of course, the necessity of raising for the purpose a loan to an equal amount at a lower rate of interest; and in anticipation of coming to the market for so large a sum, to have endeavoured to raise a loan of 32,000,000 *l.* to pay off the company would have been a course the results of which it would have been quite impossible to forsee, and one which the Secretary of State and his advisers thought it would have been in the highest degree imprudent to adopt. He therefore fell back after great consideration upon the second alternative, proceeding by way of annuity and purchasing the line by that method. The only course then left was to take the terms of the contract and to endeavour as far as possible to adhere to them. The terms of the contract are perfectly well known to the Committee. I have already stated them as to the mode of calculating first of all the value of the shares and then the value of the annuity; and with reference to those two processes very careful calculations were made, and the result was that it was discovered that as regards the mean price of the market value of the shares for the three years preceding the purchase, the actual average price for that period came out at 124 *l.* 3 *s.* 3 *d.*; that was the result of our calculation as to the mean market price here for the three years preceding the date of the contract. Then came the question of the rate of interest. Upon that, according to the construction that was placed upon the contract by the India Office, the calculation was a very simple one; it was merely to take the average rate of interest received on the Secretary of State's securities during the two years preceding the purchase, although those two years of course had not elapsed, and therefore it was impossible to comply strictly with the terms of the contract, and we could only take the time that was behind us and make our calculation upon that foundation; that calculation resulted in our finding that the average rate of interest amounted to 4 *l.* 6 *s.*

384. (To Mr. *Cave-Browne*.) How did you arrive at that figure; by what exact arithmetical process?—I was first applied to for the calculation in August 1878, when I referred to the Returns that had been presented to Parliament of the Home debt outstanding on the 31st of March 1877, the 30th of September 1877, and the 31st of March 1878 respectively, and ascertained from the India Office Books of Account the amount of debt then outstanding in the middle of August. I added together the sums on which 4 per cent. was being paid at those four dates, and divided the aggregate by 4, which showed an average sum of 40,001,262 *l.*, bearing interest at 4 per cent.; the sum of 17,200,000*l.* was bearing 5 per cent. interest at each of those dates; the average rate of interest thus obtained was within a small fraction, 4 *l.* 6 *s.* per cent. That was in August. Subsequently a communication was received from the East Indian Railway Company in which the average interest was stated at something like 4 *l.* 6 *s.* I then made a fresh calculation, and included the amount of debt shown in

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

Chairman—continued.

the return to the 30th of September 1878, and I found that the alteration in the amount of debt had been so slight that the average rate of interest was still 4 *l.* 6 *s.*

385. Then you took all the stock, whether it was bearing interest at 5 per cent., or 4 per cent., at par?—Yes.

386. And divided the total amount of the stock by the total amount of the interest payable upon it?—Interest on 17,200,000*l.* at 5 per cent., amounts to 860,000 *l.* interest on 40,121,637 *l.* at 4 per cent. to 1,604,865 *l.*; as therefore the total debt amounts to 57,321,637 *l.*, and the interest thereon to 2,464,865 *l.*, the rate of interest is 4 *l.* 6 *s.* per cent.

387. That is to say, that the 17½ millions of stock bearing 5 per cent. interest raised, the rate of interest by 6 *s.*?—Exactly so.

388. (To Sir *Louis Mallet.*) You were explaining the calculation by which 4 *l.* 6 *s.* was arrived at; will you proceed?—Then with regard to the sinking fund, that, again, was governed by the rate of interest, and that calculation also having been very carefully made in the India Office resulted in our finding that the sum of 4 *s.* would represent, at that rate of interest, the sinking fund necessary to redeem the capital at the end of the 73 years. The result of these different calculations was that on the original stock of the company the Secretary of State found himself under the necessity of offering the sum of 5 *l.* 12 *s.* 6 *d.* as annuity and sinking fund. I forgot to mention to the Committee the price which was decided upon to be offered to the company for their stock. I have already stated that according to the strict interpretation of the contract the mean price of the shares for the three years preceding the purchase, at all events the three years which had preceded the date of our calculations, amounted to 124 *l.* 3 *s.* 3 *d.*, and that, of course, was a price which the Secretary of State might have proposed to the company, and it was a matter of great discussion as to whether we should adhere strictly to that particular figure, or whether we should give the sum which was ultimately determined upon; and it was decided that on the whole it was a course in every respect more desirable to give 125 *l.*, than to give 124 *l.* 3 *s.* 3 *d.* There were many reasons for that. I may mention one, perhaps, which very naturally weighed with the Secretary of State, namely, that the price of the shares had been for some time past unduly and unnaturally depressed from the imminence of the possible purchase. It is obvious that the price of the shares could never have risen very much above their mean value in the market of London for the three years preceding the purchase, so long as there was an apprehension on the part of the holders that at the time the Secretary of State would purchase; and there, no doubt, had been a steady decline in the price of the shares for some time previous to the purchase in consequence of that circumstance. There was very little doubt, therefore, that the shares were really below their real value, and that in offering 125 *l.* we were giving an extremely moderate price for the property which we were acquiring. It was a figure which in many respects represented a great many advantages; we were anxious in dealing with a very important and useful company, and one which had rendered good service, not to have the appearance of exacting a fractional advantage without any very great object, and there was a very unanimous decision of the Secretary of State in Council that 125 *l.* was a fair price to offer, and a desirable amount to fix. Those were the reasons, among others, which led to the offer of 125 *l.*; and having fixed upon 125 *l.* the rest became very simple, and the result, as I have already stated, was that the rate of interest to be paid in the form of an annuity, including the sinking fund, on the original stock was 5 *l.* 12 *s.* 6 *d.*, and that on the 125 *l.*, on the actual value of the stock as fixed by the proposal, it amounted to 4 *l.* 10 *s.*

389. When you conceded a slight point to the company by taking their stock at 125 *l.* in place of 124 *l.* 3 *s.* 3 *d.*, did you get any counteracting concession as regards the annuity?—On that part of the subject I should be glad to tell the Committee what was the result of the calculations of the India Office, which hitherto had coincided without any sort of concert between the calculations on the one side and those on the other side; up to that time there had been an absolute coincidence in the calculations on both sides, which certainly was a very strong confirmation of their accuracy. I have said that the calculations we made brought out the rate of interest at 4 *l.* 6 *s.*; the calculations of the company, I think, brought the figure out at 4 *l.* 6 *s.* 1 *d.*; there was a difference of 1 *d.*, and that difference was, of course, one which we were not bound to accept; it was a matter of negotiation; we were negotiating; there was a difference of opinion, and the company on their side expressed their willingness to waive any further discussion on that point, and give up any advantage, if we on our side would waive any on the price of the stock; and the two concessions, when reduced to figures, were found very nearly to balance each other. That was an additional motive for not standing out on the price of the stock, and I think that was the only point on which there was any sort of difference in the calculations of the company and of the India Office.

390. Then, of course, before deciding to purchase by the Annuity Clause, I assume the India Office made certain calculations as to what the financial effect would be, assuming they were to adopt the other course, namely, that of paying a lump sum?—Yes.

391. Could you or Mr. Cave-Browne place before the Committee any figures which would illustrate what the difference between the two processes would have been?—Mr. Cave-Browne remarks to me with perfect truth, that that calculation, of course, could only be made out approximately; we could not have made it with a view to any practical decision, because the result would have entirely depended on the rate of interest at which we were able to raise so large a sum as the 32,000,000 *l.*, and that being a completely doubtful quantity any calculation was entirely speculative. We may say generally, no doubt, that at whatever rate below 4 *l.* 10 *s.* per cent. we could have raised our money, there would have been so much less deducted from the gross earnings of the railroad; but within that margin it is impossible to give a precise figure. It is perfectly clear that the payment of the annuity involved a larger deduction from the gross earnings of the railroad, than

if

Chairman—continued.

if we could have paid the money in cash at a lower rate of interest; but the rate of interest at which so large a sum could have been raised is quite doubtful, and therefore I am unable to give the Committee a figure for the purpose of making that comparison.

392. At first sight it appears that the company get the advantage of having the 5 per cent. stock, which is redeemable next year, included in the obligations of the Secretary of State, because the more recent loans which he has raised have only 4 per cent. payable upon them; therefore, it would appear that the company get a higher rate of interest than they would do some few years hence; but I assume that that rate of interest also prejudicially affects the company as regards the sinking fund?—No doubt the higher the rate of interest the smaller the sum which can be set aside for the sinking fund, and the rate of 4 *l.* 6 *s.*, which is the rate of interest, is a rate at which, practically, it would be difficult to invest for the purposes of a sinking fund, and that is a very great disadvantage to the company; in fact, as has been seen by the terms offered by the company to their shareholders, with which we have nothing to do, the directors have come to the conclusion that they cannot calculate on a higher rate of interest than 3½ per cent. for the purpose of their sinking fund; so that from that point of view the company, no doubt is placed at a considerable disadvantage.

393. (To Mr. *Cave-Browne*.) Could you give us any figures as to the annual amount of the sinking fund, assuming some lower rate of interest was taken than that of 4 *l.* 6 *s.*; were any calculations of that kind worked out at the India Office?—The only calculation that I have with me which bears on the point at all, is one I made in August last; I took the highest and lowest price of the stock during each month of the three years preceding, which produced a mean price of 123⅓ *l.*; that price, however, was not borne out by taking the highest and lowest quotation of each day, as was done subsequently. Having arrived at 4 *l.* 6 *s.* as the average rate of interest, and there being no annuity tables calculated at that rate, I ascertained from Jones' Tables, which had nothing between 4 and 4½ per cent., that 123⅓ *l.* taking interest at 4 per cent., would give an annuity of 5 *l.* 4 *s.* 4 *d.*; and at 4½ per cent. an annuity of 5 *l.* 15 *s.* 5 *d.*

394. Then the difference between 4 per cent. and 4½ per cent. is 11 *s.* 1 *d.*?—Yes, that is taking the stock at 123½, which was only taken approximately, and was not found to be accurate.

395. Does that include the sinking fund?—Yes, certainly, that is calculating an annuity, an annuity in lieu of interest; the annuity includes the sinking fund.

396. Therefore that is the difference in the payment which would annually be made during the time that the annuity runs, 11 *s.* 1 *d.*?—Yes, that would be the difference of the annuity during the 73 years.

Mr. *Fawcett*.

397. According to that, then, the difference of one half per cent. in the rate of interest would make 1 *s.* difference in the amount of the sinking fund, would it not?—It would be about that.

Chairman.

398. (To Sir *Louis Mallet*.) Taking an annuity calculated at 4 per cent. and 4½ per cent., could you tell us the amount of the sinking fund in each instance?—Taking the rate of interest at 4 per cent., the amount of the sinking fund would be 6 *s.* 0¾ *d.* for 73 years.

399. And at 4½ per cent.?—I have not got the calculation for that.

400. (To Mr. *Cave-Browne*.) Are there any annuity tables which would give us the difference, taking the rate of 4 *l.* 6 *s.*?—There are no annuity tables calculated at 4 *l.* 6 *s.*; the annuity at that rate was worked out by the actuaries.

Sir *Louis Mallet*.] Taking the rate of interest at 4 *l.* 6 *s.* the annual contribution to the sinking fund would be 4 *s.*, in order to replace the 125 *l.* at the end of the year. Taking the rate of interest at 4 per cent., the annual contribution to the sinking fund would be 6 *s.* 0¾ *d.*; that is the comparison.

Chairman.

401-2. Then the rate of interest was somewhat abnormally raised in this case on account of there being 5 per cent. stock which is redeemable next year?—Undoubtedly that was an unfavourable circumstance in the transaction; it was unfortunate that this stock was still unredeemed before the purchase.

Sir *Henry Peek*.

403. Still on the terms of the contract you could not help it?—We could not help it.

Chairman.

404. Then what you really had to consider, as a matter of policy, was whether or not you should proceed under this Annuity Clause, putting upon it the construction which you believe to be the correct one, and with the disadvantage of knowing that you would have to pay a higher rate of interest than you would have had to pay, say, two years hence, or whether you should pay the 32,000,000 *l.* down in gold to the company?—That was our view distinctly.

405. I suppose one of the great objects of the India Office is to reduce their liabilities in England?—No doubt.

406. And in considering the process by which the Government should acquire this valuable property, you naturally considered what was the method by which the debt to the company could be most easily and continuously extinguished?—No doubt.

407. Then if you had paid a lump sum down, say, of 32,000,000 *l.* to the company in gold, how would you have been able to have gradually reduced or redeemed that amount?—That no doubt was one of the most important financial considerations which weighed with the Secretary of State in his decision; it was felt that largely to add to our permanent debt in a direct form was a course which was open to very grave objections. As I have already explained to the Committee, in anticipation of the very large operations which are pending next year, it would have been probably extremely impolitic to come to the London market for so large a loan, and extremely improbable that we should have been able to obtain it at anything like 4 per cent. It may be urged that, practically, the debt is merely in another form, and that is perfectly true; but on the other hand, it does not at all follow that the

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

Chairman—continued.

holders of the stock of the East India Railway Company would all take up a 4 per cent. stock; on the contrary, it is extremely improbable that they would do so; speaking generally, they are not the same class of persons; the one investment is not the same thing as the other. What would have happened in all probability would have been this, that if we had raised the loan and paid the shareholders in cash, some of them, no doubt, perhaps a considerable number, might have invested that money in a new loan, but a considerable part of it would have been thrown on the market, and in all probability in 1880, when we should have been obliged to come to the London market for a loan to pay off a very large 5 per cent. loan, we should have found the market drained, and been obliged to pay a much larger price than we wanted.

408. If you had paid a lump sum down, and had at the same time wished to redeem that sum at the end of the period of 73 years, which comprised the remainder of this lease, you would have had to embark in two financial operations, first, to take measures for raising the 32,000,000 *l.*, and then by a separate transaction to take measures to establish a sinking fund?—Yes.

409. I suppose there would have been considerable danger of the operation of that sinking fund being suspended, whenever the Indian Government had to remit home sums of money, because of the exchange difficulties?—The course which the Secretary of State would have been obliged to take in order to place himself in an equally advantageous position as he would be in if he proceeded by way of annuity, if he had taken the course of paying the company in cash, would have been, as you have observed, to have created for himself a sinking fund, so as to replace the capital of the stock at the end of the 73 years. As has been already explained to the Committee, that could only have been done by taking the rate of interest at a very much higher rate than that which under the contract we pay to the company as a sinking fund. The calculation would have stood in this way: under the present arrangements we pay to the company 5 *l.* 12 *s.* 6 *d.* per 100 *l.* of the original stock, of that 5 *l.* 7 *s.* 6 *d.* is the interest, and 5 *s.* is the sinking fund. If, on the other hand, we proceeded by buying the line by a cash payment we should have had to raise stock, assuming we could have done it at 4 per cent., which is already a very strong assumption, and one which I am not at all prepared to make; even supposing we could have got our 32,000,000 *l.* at 4 per cont., we should then have been obliged to pay 5 per cent. on the original stock, and in addition to that, a sum of 8 *s.* 8¾ *d.* on the 125 *l.* for a sinking fund. The difference between the two transactions would have been this, that the Secretary of State would have saved 3 *s.* 9 *d.* on every 100 *l.* That point was one which was very fully discussed, and very deliberately considered. No doubt there are many persons who think that that 3 *s.* 9 *d.* is a very large margin; that it would have been sufficient to have enabled the Secretary of State, if he chose to make a still larger sinking fund, not only to have replaced his capital, but to have replaced a great deal more, because he would have replaced not only his 125 *l.*, but another 54 *l.*, and that appears at first sight to be a very large sum; but, on the other hand, it was urged, and conclusively urged, to the mind of the Secretary of State in Council, after great discussion, that, regarded from another point of view, it is a very small and a very insufficient margin. This opinion, I should say, rests on the assumption that we should be able to get for the whole of the 73 years the rate of interest of 3¼ per cent., which even now is proved to be a very doubtful hypothesis; we should not have thought it right to invest our sinking fund in any security less secure than consols, and consols, as we know at the present moment, are very nearly at par; so that we might have found ourselves almost at once only receiving 3 per cent., which would have brought out a completely different result in the calculation, and it would have created a very large addition to our Government debt, of itself a very great evil. The effect on the market is one which it is quite impossible to predict, but many of the best opinions that we received were to the effect that such a course would have decidedly affected the price of any further stock which we endeavoured to issue, and, as we can easily understand, the difference of 3 *s.* 9 *d.* on 100 *l.*, when it comes to transactions so vast, sinks almost into insignificance; it might be completely swallowed up by the turn of the market when it comes to issuing a large loan to the public; and, on the whole, the Secretary of State in Council came to the conclusion that 3 *s.* 9 *d.* was not a sufficient margin to make it desirable to enter upon a course open to so much doubt.

410. Putting out of sight therefore the very important factor of the rate of interest, the form of purchasing this line under an annuity was more satisfactory, in the opinion of the Secretary of State, than purchasing by a lump sum?—Certainly.

411. Inasmuch as the operation of the sinking fund could not be interrupted?—No doubt.

412. As regards the question of interest, supposing the alternative plan had been adopted the Secretary of State had had to appear in the money market as a borrower to the extent of 32,000,000 *l.* in gold, and I assume that as one of the financial advisers of the Secretary of State, you at the present moment would not like to adopt such a course unless you were positively obliged to?—Certainly not; I should view it with very great dread.

413. And therefore that difference of 3 *s.* 9 *d.* assumes that the Secretary of State could have raised 32,000,000 *l.* at 4 per cent. in the present condition of Indian finance and the money market?—No doubt.

414. And you think that is very questionable indeed?—Very doubtful; more than doubtful, I should say.

415. And you were not prepared to run that risk?—No.

Mr. *Hubbard*.

416. Would it not simplify very much the consideration of the question if the comparison between the two methods of payment were stated thus: on the one hand, payment in cash is payment in full; on the other, there is payment by instalments over 73 years, with interest added, under the form of an annuity, of which the equal annual amounts combine capital and interest in varying proportions, but a terminable annuity is practically nothing but a mode of paying a debt by instalments at a fixed rate of interest?—No doubt

Mr. *Hubbard*—continued.

doubt that is one way of putting it, and perhaps as good a way as any.

Mr. *Grantham.*

417. Can you tell us, with regard to the last loan raised for the Indian Government, what is the rate of interest for it?—In the London market, 4 per cent.; the recent loans have been all at 4 per cent.

Chairman.

418. This contract, or arrangement, into which you are entering with the East India Railway Company, anticipates, does it not, the date by which under the contract you had the power to purchase?—Undoubtedly.

419. The main line would not become purchasable until the end of the present year?—The main line becomes purchasable at the end of the present year.

420. And therefore this was an arrangement anticipating the time by which, under the contract, you could purchase the line?—The Secretary of State was bound to give notice of his intention to purchase on the 15th of February 1879, but the purchase must be completed by the end of the present year. With regard to the Jubbulpore branch, it was a very much greater anticipation; there, under the terms of the contract, the time at which the Secretary of State had the power of insisting on purchase, was not till 1883; it was a very much greater anticipation. With respect to the main line, it is obvious to the Committee that unless the Secretary of State had been prepared to act literally under the terms of the contract, and terminate his connection with the company altogether, it became absolutely necessary for him to enter into some negotiation with the company with a view of substituting some arrangements by which the services of the company might be retained that were not contemplated by the terms of the original contract. Under those circumstances it was necessary to anticipate the time at which the notice was given, with a view to enable the Secretary of State to decide upon the policy of giving such notice; and it was on that ground that the course was taken which I have described to the Committee, and the negotiations were entered into with the company last summer for the purpose of arriving, if possible, at some arrangement which would have enabled the Secretary of State to see his way to give to the company on the 15th of February a distinct notice of his intention to purchase, which decision depended very much upon the possibility of arriving at some arrangement with the company of a kind which was satisfactory to him. With regard to the Jubbulpore branch, the attempt to combine the two purchases in one operation was urged upon the Secretary of State very strongly by the Government of India for reasons which I think are very obvious. In the administration of a great line of railroad it is sufficiently apparent that the administrative advantages of having the whole system dealt with under one set of rules, and by the same body, are very great; and although, no doubt, there was a certain financial disadvantage, of a very small character, in anticipating the date of the purchase of the Jubbulpore line, for the reason already mentioned by the Chairman, that if we had waited till 1883 we should have got rid, in all probability, of our 5

Chairman—continued.

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne.*

22 April 1879.

per cent. loans, and substituted for them loans at a rate of interest probably less than 5 per cent.; still making full allowance for that loss, such as it is, the difference really was so slight as by no means to counterbalance the very great administrative advantages, and financial advantages, of combining the two operations in one. I may mention to the Committee that the financial loss entailed by that anticipation only amounts to about 10,000*l.* a year; 10,000*l.* a year on the earnings of such a line as the East India Railway is really a bagatelle; and as we all know, it constantly happens that some act of management, either skilful management or unskilful management in apparently trivial details, results in a loss or gain to the company of an infinitely larger sum than that, and therefore it really is not a very important consideration, although, at first sight, it appears to be so.

Mr. *Grantham.*

421. £. 2,000,000, I see, was the sum raised for the Jubbulpore branch?—I think the total capital expended on the branch was about 3,200,000*l.*

Chairman.

422. Then you did not consider it, under the circumstances, obligatory upon the Indian Government to make reference to the Governor and Deputy Governor of the Bank of England as to the rate of interest to be adopted in calculating the annuity?—That course would have been under the circumstances impossible; it was one which we should have been very glad to have resorted to, but the Governor of the Bank of England would very naturally have answered that until the facts were before him he could give no opinion; and as the actual fact of purchase could not be completed till the 31st of December of the present year, it was quite impossible, under the terms of the contract, to make the calculation literally; he might, as a matter of friendship, have offered an opinion, but he could not have fulfilled the terms of the contract literally, and it was not therefore a course which could have been taken properly officially. The Secretary of State did not think that that course was incumbent upon him, provided that no difference of opinion arose between himself and the company as to the terms; the terms of the contract appeared rather to imply (and on that point I should say I have taken a legal opinion) that the Secretary of State and the company need not take that course unless some difference of opinion arose between them; that, in fact, the Governor of the Bank of England was intended to act as arbitrator in the event of a difference; but in the present case, as by totally independent calculations the two sides have arrived at the same result within a fraction, and on the minds of neither side was there any doubt as to the method pursued, it did not appear at all necessary, even if it had been possible, to adopt the course prescribed by the contract.

423. And I assume that if there had been any substantial difference between yourselves and the East India Company, and you had felt it was possible to proceed under this clause, you would have referred to the Governor of the Bank of England to settle such a difference?—We should have been compelled in that case to

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

Chairman—continued.

endeavour to get the Governor of the Bank of England to arbitrate, even though we were not able to lay before him the whole of the facts essential to his decision on some points; but perhaps the Committee does not attach sufficient weight to the very great importance which weighed on the mind of the Secretary of State of arriving, if possible, at some satisfactory arrangement with the company, in anticipation of the date at which the term prescribed by the contract for the notice arrived. The contingency, of course, was not impossible that unless such an agreement could have been arrived at the Secretary of State would have been compelled to adopt a course which I have spoken of as extremely dangerous, that of paying the company off at once, by raising a sum of money which it would have been impossible to raise in so short a time except at a runious sacrifice of interest; or to allow the period of notice to go by, and to leave the company in possession of the property for another term of years, and thereby to incur a loss to the Government which it would have been in the highest degree undesirable to allow to arise. There was therefore a very strong motive for anticipating the term of the contract, and endeavouring to arrive at some liberal and advantageous arrangement with the company. That was one of the difficulties under which the negotiation laboured, and ought not to be left out of account in considering the course that was taken.

Mr. *Fawcett*.

424. Without questioning for a moment that it was advisable to buy this company, if it was bought, by an annuity rather than paying in a lump sum, I want to ask you whether you do not think that the position of the Government of India was this: that they were trustees for the Indian people, and they were bound to carry out legally the terms of the contract, and not be liberal with other people's money?—Most distinctly I do agree in that sentiment.

425. But I notice in the Budget Speech that has been recently made at Calcutta (which I daresay you have seen), in paragraph 250, this purchase is described as giving (this is the expression) "liberal terms" to the company; now ought not the Government of India, in reviewing this purchase, to have been able to say that the terms which were given were terms which were legally bound to be given by the contract; it ought not to have been a question of liberally dealing with other people's money?—I should entirely agree with your view, if I placed the same construction on the word "liberal" which you appear to do. I think it is quite open to the criticism which you make. I do not think that the Government of India could have used it in that sense. Anything which amounted to a wanton sacrifice of money which the people of India had a right to expect the Government to procure for them, would have been entirely unjustifiable. On the other hand, I say that in dealing with a public company which has rendered (as the Government of India evidently by the statement in the Budget estimate, think) very great public services to India, and which it was most important to maintain in a state of efficiency, I think, from that point of view, what you may call liberality in the very limited and conditional sense in which I think it could possibly be applied to the terms given to the company on the

Mr. *Fawcett*—continued.

present occasion, was a very proper and a very right course; and for my own part, if I may be allowed to express a personal opinion, I think in viewing a question of this sort the Government of India were bound to consider the effect which their transactions with a corporation so important as that of the East India Company would have upon public feeling in England and upon the minds of the shareholders in all other great undertakings, upon the success of which the prosperity of India greatly depends. I think that any act on the part of the Government that had the effect of creating in the minds of the British investors an idea that the Government of India was disposed to make a very hard bargain, to take every advantage which they could, in winding up a great undertaking of this sort, and which would have sent them away with the feeling that they had been rather hardly used, and that their property had been depreciated by the effect of the contract, and that they had got off with less than the real value, would have been disastrous. I think that the prosperity of India so greatly depends upon the readiness with which the British public will be disposed to invest some of its capital in public undertakings in India, that for my own part I think that that kind of liberality which merely consists in acting reasonably and equitably (because I contend that we have done nothing more than what is equitable and what is merely so far liberal that it does not consist in taking the advantage of every fractional turn in the market which particular conditions of the contract would have enabled us to take) is not only justifiable but commendable; and I cannot help believing that it was in that sense, and only in that sense, that the Government of India used the expression to which the honourable Member refers.

426. But before considering any question of dealing hardly with the company; before you agreed, for instance, to pay 125 *l.* instead of the legal sum which, according to the contract, you were bound to pay, namely, 124 *l.* 2 *s.* 6 *d.*, which makes more than 200,000 *l.* difference at once to the Indian people, were you not bound, before you entered into considerations of hard treatment, to consider the past history of this company, and if you considered that past history, would you not come to the conclusion that probably never was any contract, or any arrangement, entered into between a company and a Government which was so unfavourable to the Government and the people whom that Government represented; have you ever in your experience seen such a contract as this East Indian Company was based upon, taking it from the beginning?—I certainly do not feel bound to defend the original contract; on the contrary, I think it has been, ever since I have had any connection with the India Office, a subject of constant difficulty; and there are many things in it which have created surprise on the part of those who have had a more recent connection with the India Office, and which to the modern generation have been very difficult to explain. I am by no means prepared to defend the original contract in any sense, nor do I think it necessary on the present occasion to go back to the earlier administration of the company. I think that the reasonable way of looking at the question is to deal with the facts actually before us, and it was from that point of view certainly that the question was regarded in the India Office; and it

was

Mr. *Fawcett*—continued.

was considered that, at all events in the last 10 or 12 years, the administration of the company had been excellent; that it had really at last become (I believe I am not over-stating it when I say so) judged by results, the best-managed railway in the world, and a progressively improving administration; and the feeling in the India Office certainly was that with such a machinery, so efficient, so improving, and so satisfactory, it would have been a suicidal thing on the part of the Government to throw that away, and to embark on a course of substituting for it an untried machinery, and one which many others thought would have been very inferior in point of efficiency.

427. That is raising an entirely different point; I want at present to confine my questions purely to the terms of purchase; I understand the position to be this: a contract was entered into originally which you admit was extraordinarily favourable to the company, because this was one of the terms of the contract, that however disastrous might be the management of the company (and it was very disastrous at one time), at any moment the company could surrender the property to the Government and claim par or claim repayment of all the money that had been expended to whatever extent that money had been wasted; on the other hand, if the Government wished to buy this company at any time they had to pay the average price of the shares during the last three years, therefore it was a singularly favourable contract to the company; this being the case, the contract being a favourable one to the company, what reason was there to go beyond the terms of the contract and spend the money of the people of India as a voluntary gift to the company?—I should answer that question in the first place by entirely agreeing with all that the honourable Member has said as regards the very advantageous character of the terms to the company to which he has referred, and should add that, supposing the Government had been unfortunately compelled to take advantage of their powers and to acquire the line at a time when the property was ill-managed, and when the returns were insufficient, under those circumstances it would have been the duty of the Government to have exacted the very last farthing, and not to have given up a single point in favour of the company; but it appears to me that, under the actual circumstances of the case, it was altogether unnecessary and out of place to go back to those conditions of the old contract. What we had before us was the broad fact that we had to deal with a company which had by skilful management and good administration created a magnificent property, and a property which, if acquired by the Government, in all probability in the next 73 years will be of the greatest possible value to the Government, and add very largely to its resources. Those were the facts with which we had to deal, and I contend that the condition of the contract which the honourable Member very justly says, on the face of it, was a very unfavourable one to the Government, was not an unfavourable condition when it came to be applied, because instead of having to purchase a very bad line, we had to purchase a magnificent line, and if that had been anticipated at the time the contract was drawn, I think that the terms of the original contract would not have been so very unfavourable to the Government,

Mr. *Fawcett*—continued.

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

as the honourable Member very justly thinks that they were for a very long period in the earlier stages of the company's history.

428. But taking the results of the previous management of this company (of which you admit the mismanagement was very great until within ten years ago), you have to pay for that in the price which you are now giving, because it has been shown officially that a considerable portion of the price which you now have to pay for capital which has been expended, is really in respect of capital which was spent unnecessarily, or, in other words, was wasted. You probably will remember a report of Colonel Chesney's, in which he says that 4,000,000 *l.* of money was improperly spent in this railway; and that is a portion of the capital which you are now buying, and therefore at the present time India is paying for the past mismanagement of the company; she cannot escape from it if you acquire the line; and therefore there was no reason, was there, why you should have gone beyond the legal terms of the contract in order to benefit the company at the expense of the people of India?—I entirely agree with your general principle, but my own feeling in the matter, and that at the India Office, is certainly that that question of the 15 *s.* is really not one of very great moment. I think in so large a transaction it is not to be considered as a very great concession to the company, particularly in view of the fact that there was no doubt that the terms of the contract, however unfavourable to the Government in its earlier stages, at that particular moment, in anticipation of the purchase, were very unfavourable to the company; the shares had fallen in a few months from 132 *l.* or some price of that sort, to 125 *l.*, and even below that; and it was not considered, with regard to that 15 *s.* which was added on to the strict legal price that we were bound to give, on the arbitrary assumptions of our calculation, that in making that concession, such as it was, we were performing an act of any very great liberality, or throwing away any money which we had no right to part with.

429. But that 16 *s.* 9 *d.*, as far as I can calculate, represents 250,000 *l.*; without for the moment asking whether it was legal, or whether it was expedient that you should pay it, that represents 250,000 *l.* which is going to be paid to the company, supposing this Bill passes, more than the Government was legally bound to pay?—The Government was not legally bound to anything except under the contract.

430. Now with regard to the interest, I understand that great stress is laid upon the fact (it was so by Mr. Crawford, whom we previously examined) that precisely the same result was arrived at as to the rate of interest on which this annuity should be calculated. You have remarked this morning that there was a penny difference between the results; that the company brought out the rate of interest on the obligations of the Indian Government in England during the last two years to 4 *l.* 6 *s.* 1 *d.*, and that the India Office brought it out to 4 *l.* 6 *s.*; but I think I am in the recollection of the Committee when I say that Mr. Crawford's remark was that your calculations tallied to a farthing?—Mr. Crawford is much better able to speak to that point than I am; but I was under the distinct impression which I have mentioned.

431. But that tallying is not extraordinary,

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

Mr. *Fawcett*—continued.

because unless you had made an arithmetical mistake, adopting the same mode of calculating the interest, you could not have arrived at a different conclusion. What I understand is that you took the amount of the stock of the Indian Government in India, the capital sum, and calculated the rate of interest of the different stocks and then arrived at an average as to the current rate of interest in that way, and of course unless you made a mistake in the arithmetical calculation, you must practically arrive at the same result?—No doubt there is nothing extraordinary in it, but what I meant was that as there was an agreement arrived at without any kind of concert, there appeared to be no particular reason for consulting others.

432. In doing this the result, it seems to me, that you arrived at was this: not the current rate of interest on the obligations of the Indian Government in England during the last two years, but the result you arrived at was this, what was the average rate of interest at which the Indian Government had been able to negotiate all its existing loans in England. What you have done is practically that your 4 *l.* 6 *s.* represents the average rate of interest at which all loans now in existence of the Indian Government in England have been negotiated?—Certainly.

433. Do you think that that is the same thing as the current rate of interest on the obligations on the Government of India in England during the past two years?—I entirely agree with the honourable Member that the two things are totally distinct, but that was not the question which appeared to us to be before us; we merely had to deal with the terms of the contract, and there was no kind of difference of opinion in the India Office as to the meaning of those terms, however undesirable they might turn out to be. The opinion which we have acted upon, and which we we still entertain is, that the words, "The rate of interest which shall be used in calculating such annuity being determined by the average rate of interest during the preceding two years received in London upon public obligations of the East India Company," could have had no other meaning than that which we have attached to them; and one argument, at all events, which appears to me a very strong one, if not conclusive, in favour of that view, is that if the other object had been aimed at by the contract, words would have been used similar to those in the former paragraph (paragraph 23), in which the principle was laid down for determining the price of the stock. In that paragraph the words used are these (they will be found at the end of that paragraph): "The East India Company shall be bound to pay in London on the said half-yearly day for the purchase of all the same premises the full amount of the value of all the shares or capital stock in the said railway company, calculated according to the mean market value in London of such shares or stock during the three years immediately preceding the expiration of the said period." I think that if the intention in the contract had been to apply the same rule to the question of interest, they would have inserted the words, "the rate of interest which shall be used in calculating such annuity being determined by the average rate of interest, calculated according to the mean market value in London of such obligations during the two years preceding the purchase," and the omission of those words, especially as they are found in the other paragraph, appears to me to afford very strong evidence indeed as to the intention of the contract; and I may add that, looking back to the history of the contract, and consulting those who were cognisant of the mind, you may say, of the East India Company at the time the contract was drawn, the historical evidence, I am bound to say, entirely bears out the construction upon which we have acted. At the time when this clause was drawn the only securities of the East India Company on the London market were bonds which bore a fluctuating rate of interest, that is to say, that the value of the bond was not allowed to vary, but the interest was raised or lowered according as the price sunk below or rose above par; and, therefore, the consideration in the minds of the drawers of this contract was just this, they thought that they had got the whole thing before them; that the conditions of the problem were undisturbed by the consideration of price. If they had foreseen that the Government would have taken over the company, that we should have heaped up our London debt and issued larger loans for a number of years, bearing different rates of interest, the rate of interest remaining the same, but the price varying infinitely, it would have been very imprudent not to have inserted words which would have referred to the market price; but I think the fact I have stated shows that it was not in the minds of the drawers of the contract, and that, therefore, they drew their clause with reference to the facts before them, and did not foresee that as applicable to a different state of things, the effect of those terms would have been injurious.

434. Do I rightly understand that the opinion of the India Office is unanimous in the view that a right interpretation has been put upon this clause?—I have been under that impression. If it is, it is a very remarkable thing, no doubt, and therefore I should be very sorry to assert that positively; but I do not recollect, during the discussion, any argument being used in favour of the other construction.

435. Was any independent opinion taken as to the legal interpretation of this clause; can you refer me to the opinion of any one outside the Government of India?—I am not aware of it; I do not think, so far as my own knowledge goes, that the point was ever considered to be one open to doubt or discussion, and therefore I am not aware that any opinion outside the office was taken.

436. Now in the contract, as I understand, in the original terms of it, the obligation is absolute, that the Governor and Deputy Governor of the Bank of England shall be consulted; it does not say, so far as I can discover, that they *shall* be consulted in the event of the company and the Government not agreeing, but it says "shall be ascertained by reference;" therefore, there seems to be contemplated by the original contract the importance of having an entirely independent interpretation as to the meaning of this clause; else why should the Governor and Deputy Governor of the Bank of England be put in, in connection with the clause?—On that point, perhaps the Committee would allow me to read the opinion of counsel which I took on the point, because I thought it very probable that the question

Mr. *Fawcett*—continued.

tion would be asked, and I took the opinion of our counsel.

437. The counsel of the India Office?—Yes; he is an independent counsel, whom we consult.

438. What is the date of that?—This was given the other day with a view to my examination.

439. It is an opinion taken since this point was mentioned to the Committee?—Yes.

440. Would you read it, please?—"I am of opinion that no objection can fairly be taken in Parliament to the course which has been pursued. The reference to the Governor or Deputy Governor of the Bank, contemplated by the 26th section of the contract of 1849, is not to be regarded as a condition imposed by Parliament. Within the limits presented by this Act of incorporation, the railway company were free to contract with the East India Company. It was agreed that the Government might purchase the railway at a certain price, and that at the option of the Government the price might be commuted for an annuity. In order to prevent any question as to the basis on which the annuity was to be calculated, it was right and proper to name a referee whose certificate should be final. But that provision does not, in my opinion, make a reference obligatory if neither party requires the intervention of the referee. Clause 26 is, I think, to be read as if the words 'in case the parties differ' had been inserted in it. It is, moreover, to be observed, as pointed out in the instructions, that a literal compliance with Clause 26 would have been impracticable under the circumstances; and it is to be borne in mind that although the provisions of the contract of 1849, and the other two contracts, form the basis of the present agreement for the purchase of the railway, the Government are not in reality purchasing under those provisions. It would have been most inconvenient to have proceeded strictly under the provisions of the original contracts, as the period fixed for the purchase of the main line was not the same as that fixed for the purchase of the Jubbulpore line. It is only by arrangement that the Government purchase the whole undertaking at one and the same time." That is the opinion of Mr. Macnaghten, the counsel whom we consulted the other day.

441. One chief point of that opinion, as I understand it, is this: he thinks because you have, as it were, not carried out the terms of the contract strictly, you escape from the contract; that is the tenor of that opinion, is it not?—Yes, that we are not acting under the contract at all, but that we are making an independent arrangement.

442. That would go to show, would it not, that you are not bound in any way?—It comes to this, that it is, in point of fact, an agreement made between the Secretary of State and the company, differing in many respects from the terms of the original contract, and it is that agreement to which the sanction of Parliament is now sought.

443. Is not the contract embodied in the preamble of this Bill, which we are now considering, and therefore it would raise a very important point of procedure; we must either do one thing or the other; as I understand, the original contract is embodied in this Bill, and therefore if it is argued that because you have not acted according to that contract, you need not carry out other portions of the contract, it seems to me that the position of this Bill becomes an extremely dubious one?—We were obliged, of course, to act in accordance with the terms of the contract, in order to arrive at any terms with the company; that was indispensable. That the new arrangement is a deviation from the terms of the original contract is of course indisputable.

Mr. *Fawcett*—continued.

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

Chairman.

444. With regard to the terms of purchase, is it?—No; I mean that the terms of the new arrangement with the company differ very materially.

Mr. *Fawcett.*

445. With the terms of purchase; as far as I understand, one object of this Committee is to ascertain whether the purchase has been carried out according to a certain contract, which contract is embodied in this Bill?—As regards the purchase, I should say distinctly so.

446. It appears from this opinion which has just been put in by you, that you have not acted strictly, according to the contract?—Certainly not.

Mr. *Grantham.*

447. The opinion was as to whether you were bound to take the opinion of the Governor and Deputy Governor of the Bank of England?—I thought the question of the honourable Member for Hackney had reference to the general character of the arrangement.

Mr. *Fawcett.*

448. With regard to this interpretation as to the rate of interest, you have not taken into the calculation at all the price at which any particular stock is, but you have estimated them all at par?—Yes, that is quite true.

449. That being your method of calculation, I will direct your attention for a moment to some strange results which it seems to me you will bring out; as I understand there are only two securities of the French Government negotiable in England; those are the Three per Cents and the Five per Cents; there are only two loans of the Spanish Government negotiable in our market, the Three per Cent. and the Five per Cent. loans. Not reckoning the price of these stocks you would come to the conclusion, according to the interpretation you have put upon it, that the average rate of interest during the past two years on obligations of the Spanish Government in this country, is just the same as the average rate of interest on the obligations of the French Government in this country?—That would have been, I presume, the effect of our construction if the facts had been similar in the case of the Indian securities.

450. Do you think that that is a reasonable construction to put on any words?—I think for the reason I gave, that the clause was drawn under different circumstances, that these contingencies were not contemplated, and although I think if they had been, words clearly ought to have been inserted which would have conveyed the other meaning, they were not inserted deliberately from these contingencies not being anticipated, and that we were to that extent placed no doubt at a disadvantage.

451. But according to the clause to which your

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

Mr. *Fawcett*—continued.

have referred, at the time it was distinctly contemplated that the rate of interest was a variable amount from time to time, and that was why the period of two years were mentioned; but according to the interpretation which has now been put upon this clause by the Government, the rate of interest cannot vary unless a new loan is raised or an old one is paid off?—That is perfectly true.

452. How can you reconcile that with the fact of the two years being specified?—I should correct my former remark by saying that although as regards the loan, the rate can only vary by a new loan being raised at a different rate. The rate of interest on our bonds does vary, and to a certain extent therefore modifies the result.

453. But in your calculation you simply took the loans?—Including the bonds.

454. But as far as the loans are concerned the only way in which the rate of interest could vary would be if a new loan was negotiated or an old one paid off?—Yes, no doubt.

455. Now speaking generally, you would say that considering that during the past two years the Four per Cent. Indian Loan in this country has been on the average rather above par, the average rate of interest of Indian securities in England has been somewhat less than 4 per cent.?—I am not prepared to answer that question by saying as a matter of fact less than 4 per cent.

456. The Four per Cent. Loan on the average has been above par, has it not?—I believe it has slightly, but I doubt whether the Five per Cent. Loans have been sufficiently above par to make such a great difference as that.

457. But approximately you may say that the current rate of interest during the past two years on Indian securities in this country, estimated by the 4 per cents., has been par?—Yes, you may say so.

458. Have you considered at all the difference that it would make to the revenues and people of India whether the rate of interest should be estimated at 4 *l.*, which represents the current rate of interest during the past two years on Indian securities in England, or whether it is reckoned at 4 *l.* 6 *s.*, as you have reckoned it with regard to this purchase?—I have considered that, but it is an extremely complicated calculation to make, and I am not prepared to give to the Committee a close calculation on the point; but the general result would, no doubt, so far as my information goes, have been that we should have paid a lower rate of interest than 4 *l.* 6 *s.*

459. I have made the calculation, and as far as I can make out, the amount involved in this question with regard to the interpretation you put upon this clause, whether you should take the rate of interest as you have calculated it, or whether you should take what has been actually the current rate of interest on the securities of the Indian Government in England during the last two years, makes, in this purchase alone, a difference of more than 2,000,000 *l.* to the Indian people?—That is not consistent, certainly, with the calculations which have been so far supplied to me; I am not prepared to-day to give a figure to the Committee, except subject to correction, because I have not the calculation by me; but the calculation which I have made, as given me, would result in something which I should hardly

Mr. *Fawcett*—continued.

have thought would have produced so great a difference as that. Supposing we had pursued the course which the honourable Member thinks we ought to have pursued, and made our calculation the market price of these securities for the two years, the result which I arrived at was that we should have had to pay, instead of 4 *l.* 6 *s.*, about 4 *l.* 4 *s.* 8 *d.*; but whether that sum is strictly accurate, I am not prepared to say to-day without correction. I should prefer to give to the Committee, another day, a figure more closely calculated.

460. Supposing the rate of interest in calculating this annuity to be estimated at 4 per cent., that seems to me to represent the current rate of interest, judging from the facts which have been mentioned here, on the securities of the Indian Government; but you have estimated it at 4 *l.* 6 *s.*?—So far as my recollection goes, that 4 per cent. is not in accordance with the fact; taking the prices for the last two years, and the two stocks, 5 per cent. and 4 per cent., they would only yield us a rate of interest of something like 4 *l.* 4 *s.* 8 *d.*; it has at least been very considerably above 4 *l.* per cent. within the last two years. In consequence, I suppose, of the impending redemption, the 5 per cent. has fallen, and the result is, that although we should have gained something we should not have gained very much by adopting the other course. That does not affect the principle, but as a matter of fact, I do not think that the Government has suffered any very great injury from the construction which they felt it their duty to place upon the terms of the contract.

461. That assumes a particular calculation; but I mean, supposing that interpretation is put upon it, assuming that the rate of interest is what really is ordinarily considered to be the current rate of interest in the securities of the Indian Government in England during the particular period, you have brought that out at 4 per cent.?—But I suppose it is not intended to imply that the Secretary of State would have been justified in acting upon a loose calculation of that sort, and that the company would have been bound to accept 4 per cent., merely because it might be stated that that was about the rate at which money could be raised.

462. That is just what I have been contending for, that the Secretary of State ought not to have acted upon a loose interpretation, but I will put it in this way: considering the largeness of the amount involved, 1 *s.* per cent. represents something like 400,000 *l.*, that I believe is the correct calculation; whether you calculate the interest at 4 *l.* 6 *s.* or 4 *l.* 5 *s.*, would make at least a difference of 400,000 *l.* to the Indian people, or the Government of India ultimately?—I am not prepared to dispute the figure; I think it very probable, but I have not made the calculation.

463. With regard to the sinking fund, I understood you to say that the contract distinctly provided for the creation of a sinking fund; will you kindly refer to the words?—These are the words of the clause (page 11, of the contract of 1849): "It shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said railway company in London, their option to pay an annuity, to be reckoned from the time when the gross amount would be payable, and to

continue

Mr. *Fawcett*—continued.

continue during the residue of the said term of 99 years." As I understand your question, you imply a doubt as to whether the word "annuity" carries a sinking fund. On that question, I can only say that we fully understand that it does.

464. As I understand, there is no mention of a sinking fund; it is simply an interpretation of the word annuity?—I do not think the term "sinking fund" is actually specified.

465. Now, as I understand, if the period which is referred to here, had been allowed to lapse, interpreted strictly, although the company could have surrendered the line just previously, yet if this period had elapsed, the line would have become the property of the Government without any payment whatever at the end of the period referred to in this annuity clause?—Certainly, if nothing else had been done.

466. Then you cannot look upon this property as the purchase of a freehold or perpetuity; it is only the purchase of a leasehold?—I do not know whether you would call it a freehold or a leasehold; I think it is a matter which is entirely governed by the conditions of the contract.

467. But I mean, that looking at the conditions of the contract, as a part of the contract, you would not look upon property which had lapsed without payment at the end of a specified period to a person who intended to purchase it, in the same way as you would look upon property which was the freehold and perpetual property of the owner of it?—The answer I should make to that would be, that although it is true, that under the terms of the contract, the railway lapsed to the Government at the end of 99 years, this condition of the contract is made void by the proviso which entitles the company to claim repayment of their capital on handing over the line at any period of the term, which right they might exercise even during the 99th year. It is quite clear that if the contract contemplated such a demand as that by the company in the 99th year, it contemplated something a great deal more than a leasehold property.

468. This is a question involving a very large amount; was any independent opinion taken as to the interpretation to be put on this clause?—I really am not prepared at this moment to answer that question; I should think it is very likely.

469. You never heard that there was?—I cannot at this moment recollect having heard that any special opinion was taken on that point.

470. Admitting what you say, that a part of the contract which gives the Government a right to claim this property at the expiration of the 99 years without any compensation, is rendered void by the fact, that at any moment, even in the 98th year, the company may surrender the line at par; if that is the case, the sinking fund ought to have provided for a capital reckoned at par, and not at 125 *l.*; you have estimated your sinking fund in exactly the same way as if the company could at any moment have surrendered the line to the Government at the current price, or at the average price during the past three years, instead of at par?—I think that the question merely indicates that the contract is not very consistent with itself; but we proceeded under a particular clause in the contract, and under that particular clause, the mode of procedure was

Mr. *Fawcett*—continued.

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

distinctly defined, and it was impossible for us to avoid following it.

471. It appears to me it is not distinctly defined; it would have been distinctly defined if it had said that the annuity should provide for the sinking fund; but the whole contention is that it is not distinctly defined?—It seems to me that the word "annuity" necessarily covers a sinking fund; it is the difference between interest and annuity.

472. But do not you think that a question of the terms on which the property is to be purchased, is in the least degree affected by the question whether that property is a leasehold or a freehold?—If you consider it a leasehold; but, as I said before, a property in respect of which the holder has a right at the end of 99 years to claim the whole of his capital, can hardly be called a leasehold.

473. But it is either a leasehold, or it is a freehold of less value than what you have estimated it to be; what I contend for is this: according to my interpretation of it I should say, there ought to be no sinking fund; according to your interpretation you have made the sinking fund one quarter more, 25 per cent. more than you ought to have done, because you have calculated the annuity for 125 *l.* instead of 100 *l.*; that is the utmost, according to your interpretation, that I can see, that you ought to have provided for?—I am afraid I cannot quite follow the point at present.

474. This is the point: you say that at any moment the company could have surrendered this property to the Government if they had not purchased it; and they could have claimed, not for 125 *l.*, but for 100 *l.*; and, as I understand you, you say that that makes the property, as it were, of the nature of a freehold and not of a leasehold; and therefore they have the right, if they are to be paid for this property by an annuity, to have an annuity which would be sufficient to provide a sinking fund to induce them to surrender the property; but if that is the case, the sinking fund ought only to have been sufficient to have compensated them for what they would have obtained if they had surrendered the property to the Government, namely, 100 *l.*; but you have given them what would enable them to obtain 125 *l.*; how do you justify that?—I should answer that by saying that it appeared to the India Office very clear that the intention of the contract was that in giving the Secretary of State two alternative courses, it was not meant that the one should be very much more favourable than the other. The idea, no doubt was, that they should be, speaking generally, equivalent in value; otherwise it would have been absurd to have given two alternatives; it would have been perfectly absurd to have given the Secretary of State the option of doing one thing or another thing, if one thing was clearly and palpably very much more advantageous or disadvantageous than the other. It was clearly intended that the two things should be, speaking generally, equivalent; one might be more convenient than the other at a particular time, but it was intended that the company should get the value of their property, calculated pretty much on the same foundations. Such a radical difference as the honourable Member contemplates, if we had proceeded by way of annuity, seems to me to be quite inconsistent with the

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

Mr. *Fawcett*—continued

spirit of the contract, and with the reasonable interpretation.

475. But, I venture with all submission to point out to you that that seems to me a complete proof of my case; because you have yourself admitted that according to your interpretation of this annuity clause there is a very great difference in the amount which will have to be paid according to the two methods of purchase. I am not now saying that there are not disadvantages in paying for the railway in the form of a lump sum, but simply looking at the two transactions as a financial question, you have yourself admitted, as far as I calculate, that there will be something like a difference of 3,000,000 *l.* in the purchase, or a difference of 5 per cent.; and therefore it seems to me that the very fact that there is this difference according to your own interpretation, shows that the annuities have been calculated on too liberal terms?—I am not aware that I have admitted that there is a difference of 3,000,000 *l.*

476. I will put it in this way: as far as I make out, you put the difference of what the annuity would be at something like 4 *s.*, 4 *s.* represents something like 5 per cent., or about 1,600,000 *l.*?—I am unable to check the calculations, of course, without going into figures, but I am quite prepared to consider the point.

477. Will you point out to me, now that the Chairman has put into your hands the other contract, any words more precise than those which you have referred to, which you think give the company the right to a sinking fund which would bring them at the end of the period for which the annuity is granted a capital sum equivalent to the present price of the stock, and not to the stock at par?—I can read the contract through, but as at present advised I am not aware of any distinct specification of the words "sinking fund" in the contract; this term "annuity," according to its received interpretation, I have always understood to involve a sinking fund, and in fact, unless it means that, one does not know what it means. I am not aware of any other condition in the contract which specifies the term "sinking fund."

Mr. *Muntz*.

478. I think according to the original contract, the Secretary of State for India, with the consent of the Indian Council, would be perfectly competent to make this present agreement from the 1st November 1878, without the consent of Parliament?—Yes.

479. That is if the agreement were made in accordance with the meaning of the contract?—Yes.

480. But if it varied from the meaning of the contract, then the Secretary of State would not have the power to make such an agreement?—That, I presume, would depend very much upon the nature of the agreement, but certainly the agreement which he has provisionally made is one which in order to give it effect requires the sanction of Parliament, and it is on that account that the sanction of Parliament has been sought.

481. Then without the sanction of Parliament this agreement would be null and void?—Clearly.

482. In the agreement we have Clause 20, which of course you know, which gives the lease

Mr. *Muntz*—continued.

to the East Indian Railway Company for 99 years, at the end of which time the railway and everything in India, including all the assets in India, whatever they may be, are to become the property of the old East India Company now the Indian Government?—Yes.

483. And if that clause stood alone, at the end of the 99th year, that is in 1953, this property would have lapsed and become the property of the Indian Government?—In default of any claim on the part of the company, certainly.

484. But that is to a certain extent upset by Clause 21, which gives the company the right to claim at any time, on six months' notice, that the East India Company, now the Government of India, should take possession of the line, paying them for the capital which they have spent in the construction of the line?—Yes.

485. Do you understand that capital to mean the actual capital expended, or the capital of the value of the share market at the time; do you understand it to be 100 *l.* or 125 *l.*, for that is practically the question?—The capital actually expended is the construction I should place upon it.

486. Then the annuity to be made to pay them in case they should have given that notice would be in accordance with the amount expended and not with the 125 *l.*, as now?—I presume it certainly would be so; but to that answer I would add that of course it is obvious that if the value of the property was above the par value, it would not be surrendered at the par value, and that the surrender therefore would only be demanded if the shares were, to say the least of it, not above par; so that in that case, no doubt, the market value must be very much about the same as the value of the shares, the sum originally expended.

487. There are two ways in which this property may be made over to the Indian Government; the one is by the demand of the Secretary of State, by notice given by the Indian Government; and the other by the application on the part of the company to the Indian Government?—Yes.

488. The one would require that the average market value of the three years, to be decided by the Governor and Deputy Governor of the Bank of England, should be accepted; the other would require that they should merely be paid back the capital which they had expended?—Yes.

489. You made a remark about the desirability of the absolute control by the Government of this line; is the object of the absolute control by the Government one which refers to military purposes?—"Absolute" is too strong a word to use, because it is not intended that it should be an absolute control; if it was, there would be very little use in having an independent agency; but what I meant was this, that it was very important to the Government to have at all events a paramount influence over the line, with a view to arrangements with other lines, and to political complications and strategical questions, and a variety of other matters which in India are important, and in which it is just possible that a body absolutely independent of the Government might, although the question has never arisen in our relations with the company in the past, give rise to difficulties; that was the idea in my mind.

490. Then you did not think that it was for military

Mr. *Muntz*—continued.

military purposes, for the purpose of transporting troops?—With regard to military purposes, of course for general military purposes it is desirable that the Government should have an effective power of controlling the operations of the line, but I am bound to say that one of the reasons which influenced some of the authorities at the India Office in being extremely anxious to retain the agency of the company, was their conviction that in a moment of emergency it would be far easier to carry on rapidly military operations, rapid transport of troops, for instance, at the particular moment, if the railway was under the management of the company, than if it was under the exclusive management and working of the Government; and for the very simple reason that the company, if it had the working of the line in its own hands, would for its own sake, if for no other (to say nothing of its general desire to co-operate with the Government), be quite ready and anxious, in all probability in a moment of emergency, to place all its resources at the disposal of the military authorities. On the other hand, if the working of the line was entirely in the hands of the State, what would probably happen (as almost always does happen in Government arrangements) would be that the Military Member of Council would differ from the Public Works Member of Council as to what was right to be done, and instead of the whole matter being settled in 24 hours by a message from the Military Member of Council to the director of the railway, it might involve a fortnight's discussion in Council before anything could be decided; and that was one of the reasons which operated in favour of retaining the agency of the company in preference to State management.

491. And that might really involve the safety of India?—That might involve the safety of India.

Mr. *Grantham*.

492. With regard to the question which has been put to you by one honourable Member as to freehold or leasehold, I do not know whether your attention has been drawn to a particular line of the 20th clause, which I think will throw some little light upon this question; if you look at the 20th clause of the contract of 1854 (and it is the 20th clause by which the land is to be ceded to the Government by effluxion of time at the end of 99 years), it says this, "At the end of the said term of 99 years, by effluxion of time, the land provided in pursuance of the said indenture, &c., shall revert to and become the property of the East India Company on account of the Government of India, free from all debts and charges whatever, save such as shall have been sanctioned by the East India Company;" what is the meaning of that expression, "save such as shall have been sanctioned by the East India Company," if it does not mean the capital sums which have been raised under this Act?—I presume that all the sums raised under this Act have been raised with the sanction of the Secretary of State.

493. If that is so, does not that at once prevent its being treated in any way as leasehold property, and under any circumstances, is not the company entitled to be repaid the capital sum which has been expended under the sanction of the East India Company?—I think that is probably the right construction.

Mr. *Grantham*—continued.

494. Mr. Fawcett asked you just now if the Government were not now paying for the mismanagement of preceding years; alluding to a statement which I think Colonel Chesney had made, that 4,000,000 *l.* of money had been mis-spent, he asked you if the Government were not now paying 4,000,000 *l.*, therefore, for nothing; you rather assented to that, that it was so; but is that so. If that 4,000,000 *l.* of money had not been mis-spent, would not the stock, instead of being worth 125 *l.*, be worth 125 *l.*, plus the relative value of the 4,000,000 *l.*; or in other words, does not the 125 *l.* represent the actual market value of the capital at the present time, considering the dividend that is payable, and is paid out of the earnings?—Yes, I think you are quite right.

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

495. And consequently, if the 4,000,000 *l.* had been well spent, would not the dividend payable out of the earnings be so much more than that which is paid now, which makes the stock worth 125 *l.*?—I think that is undeniable.

496. Then if that is so, if the 4,000,000 *l.* had not been mis-spent, the earnings would have been greater, and the price of the stock at the present time would be more than 125 *l.*?—No doubt.

497. And as the Government are bound to pay on the average value of the stock, they therefore would pay so much more for that 4,000,000 *l.*, if the 4,000,000 *l.* had not been mis-spent?—I think that is quite clear.

498. And as that 4,000,000 *l.* has been mis-spent, and has not produced any return, the Government are not really paying anything for it. I am assuming, of course, that the 4,000,000 *l.* was mis-spent in that way; and by "mis-spent" I mean money laid out without any recuperation?—The sense in which I gave a qualified assent to Mr. Fawcett's question was rather that the loss of money, which no doubt arose in certain periods of the history of the company, had been a loss to the Government by protracting the periods at which the guarantee was paid by the Government, and no doubt has made the line less profitable in the past than it otherwise would have been; but I quite agree that at the present moment the price of the stock would have been, no doubt, higher if that money had been profitably invested, instead of being wasted. But I should like to have an opportunity of adding, with reference to that question, that although I fully admitted, in reply to Mr. Fawcett, that a considerable sum of money had been expended on the line without a profitable return at the time, and which, no doubt, under better management, might have been avoided, I am very far from admitting that the whole of that loss is attributable to mismanagement on the part of the company; on the contrary, it has been represented to me that the Government itself was, to a very great extent, responsible for, at all events, a part of that loss; that the conditions imposed as to the original mapping out of the line, the direction taken, and the whole thing, were entirely imposed upon the company by the Government, and were one of the principal causes of the waste of money that took place. So that in dealing with the company now, it would have been very unfair to have brought up a charge against them of having wasted large sums of money, for the waste of a considerable part of which, at all events, the Government was equally responsible; and in

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

Mr. *Grantham*—continued.

making our bargain with the company I think the division of blame between the Government and the company was a very important consideration.

499. One or two words with regard to this question of the annuity: if you turn to the 25th clause of the contract of 1854, as far as I understand your reading of the 25th clause, what you have to do is to find such an annuity as will pay the gross sum of money, alluded to in the seventh line, during the residue of 99 years, whatever that residue may be?—Yes.

500. The words are, "It shall be lawful for the East India Company, instead of paying a gross sum of money in respect of the premises, to declare by notice to the said railway company in London, their option to pay an annuity to be reckoned from the time when the gross amount would be payable, and to continue during the residue of the said term of 99 years"; so that you are bound by the particular language of that clause to repay that gross amount in that period?—I think so; that is my construction.

501. Can that be done in any other way than by adding to the interest payable so much for a sinking fund?—I know of no other way; it seems to me that the annuity must be construed as being intended to be the equivalent of the sum which it would have been necessary to pay, if we had proceeded by way of purchase.

502. And as you are proceeding by way of annuity, should you be paying the gross sum in that period, unless you gave them a sinking fund?—Certainly not, in my view.

503. Now assuming that you were to take the rate of interest suggested by Mr. Fawcett, 4 per cent., as the interest on which money could be raised during the last two years, if that was not the meaning of the Act, is it likely that the company would have accepted the 4 per cent., instead of that which they were entitled to under this contract?—The company clearly would not have accepted the 4 per cent.

504. That being so, then unless you gave them the interest as determined by the Act, you could not have carried out this by way of agreement?—It would have been quite impossible.

505. And you would, therefore, have been bound to proceed strictly under the letter of this contract?—Certainly.

506. And again, with regard to the period at which this purchase was to be enforced; as far as I understand, it is six months from the 16th of February 1879, if you had acted under the contract?—Yes.

507. So that under no circumstances could you have postponed the notice of your purchase under the contract, until after that 5 per cent. loan had been paid off?—Impossible.

508. So that, in fact, you were bound by the language of the contract determined in the year 1854; you were obliged to interpret it according to existing circumstances, although different from those in existence at the time when the contract was made?—That was the view that was taken by the India Office, and I have no reason whatever to doubt its correctness.

Sir *Henry Peek*.

509. When are these 15,000,000 *l.* due which are bearing interest at 5 per cent.?—£. 17,200,000 is the amount of the 5 per cents. now outstanding, and we have the power next year, 1880, of paying off this loan, which, of course, would be, at the present rate at which the Secretary of State can raise money, an operation which must be attempted.

Sir *Henry Peek*—continued.

510. And if I understand you aright, if you had not given the notice in question on the 15th of February 1879, you could not have done it then for 25 years?—We could not have done it for 25 years.

511. The company could have done it at any time?—The company might at any time have thrown it on our hands; it is not very likely they would have done so, but they might have done so.

512. We have heard a great deal of 4 per cent.; will you look at Clause 16 in the later contract of 1854, where it says that the said railway company shall receive "interest at the rate of 4½ per cent. per annum"?—There never has been any money raised under that clause.

513. Was this contract altered in that respect?—There was a supplemental contract dated the 8th of August 1856, that altered the rate again to 5 per cent. None was raised during the currency of that earlier contract, and by the contract of the 8th of August 1856, 5 per cent. was again inserted.

514. May I ask you whether a Government official has always had a voice in the management of the company?—There has always been a Government Director on the Board, I believe, from its earliest period; he attends every meeting.

515. Then it would hardly be fair to charge the company with mismanagement, if the Government had its own representative there, and agreed with what has been done?—Certainly not; no money has been raised without the sanction of the Government; all the money the company has expended has been raised with the sanction of the Government, and the Government Director has had a part in all the decisions of the Board.

Mr. *Hubbard*.

516. I think you disavowed a personal endorsement of Mr. Macnaughten's opinion, but practically, you do not differ, do you, from the paragraph in which he declares that it would be impracticable and inconvenient to act upon the literal provisions of the contract of 1849 or 1854; that, nevertheless, they have been taken as a guide to the Government and to the company in the arrangement which has been recently attempted to be made; that under those circumstances the two parties must be considered as being voluntary agents, to a great degree, and the arrangement which is attempted to be arrived at must be one, therefore, which is satisfactory to both parties. It was, I imagine, the interest of the Government not to give especially favourable, but to give what might be called liberal and fair, terms to those with whom you were dealing, but nothing more; and unless they had done so I imagine it is not probable that the railway company would have come to terms with the Government, but they would have insisted upon conditions which ultimately would have been much more unfavourable to the Government than those embodied in the present Bill; is that your opinion?—Distinctly.

517. That being the case, does not the matter resolve itself into a very brief compass; that you have first to ascertain the actual value of the property

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

22 April 1879.

Mr. *Hubbard*—continued.

perty you are about to purchase; you have then to ascertain in what way you have to pay for it, whether by immediate payment or by instalments in the shape of deferred annuity, and ultimately you have to ascertain the rate of interest by which you are to calculate the value of the annuity to be given?—Yes.

518. Those items, the term of years, and the annuity, and the principal value, form the only component parts to the bargain, and with those ascertained there can be no doubt whatever as to the actual results?—Yes.

519. And upon those results the India Office and the railway company have agreed?—Yes.

Mr. *Fawcett*.

520. Supposing the Government had said to this company, "We shall purchase the railway strictly by the strict legal interpretation of this annuity clause, not going beyond it either in one way or the other," the company would have had no option in the matter; they must have accepted it?—Undoubtedly; it was precisely that contingency which the Secretary of State in Council thought it very desirable to avoid.

521. Looking upon it as a financial transaction, your answer to a recent question gave me rather the idea that the company had the power of objecting; but the Government could have said to them, "This is the legal interpretation of this clause; dispute it if you like in a law court; that is all we shall offer you," and they would have no option but accepting it?—It was precisely the fear of their accepting it which operated in the mind of the Secretary of State in the course he took. I had reserved that part of my statement for the second division of the subject, but it is a very important question, and one which I am very glad to have an opportunity of adding to what I have already said this, that one great pre-occupation in the mind of the Secretary of State was this, not only to acquire the property of the line for the State, but to retain for the working of it the machinery of the company; and therefore any course which would have led the company to say "Very well, if you will not come to any better terms with a view to retaining the connection with us, we must take what you are bound to give us by law, and we will terminate the connection and take the money and have done with it," would have placed the Government of India under the necessity of taking the whole working of the line upon itself; and that was a result which (although as you know there are differences of opinion about it) was one which the very preponderant opinion of the Home Government, and ultimately of the Government of India also, was distinctly against the idea of taking upon itself at the present time the working of that great concern (to say nothing of the general doubt which always hangs about the conduct of a great commercial enterprise by a Government) at the present time, when the Government of India is overburdened with work of all kinds, was thought to be a most undesirable thing; and for my part I cannot doubt that the

Mr. *Fawcett*—continued.

effect would have been largely to add to the cost of the working of the line; that is merely an opinion, but it was, I think, almost literally the unanimous opinion of the Council of India at home, and of the Government of India in India; it was, no doubt, with that view that the Secretary of State, though by no means prepared to make sacrifices on the part of the people of India of a financial kind, was nevertheless very desirous, if possible, of arriving at some equitable arrangement with the company by which its services could be retained as the machinery for working this great undertaking.

522. But leaving the question of management for you to be examined on next time, and simply speaking of it purely as a financial bargain, I am right, am I not, in saying, that if the Secretary of State had said to this company, "These are the terms, according to the precise legal interpretation of the contract; you must accept them," the company would have had no power whatever to have refused?—None whatever.

Chairman.

523. Several Members of the Committee, I think, have asked you whether any legal opinion or financial opinion was taken as to the construction of the contracts outside the India Office; ever since you have been at the India Office, these contracts have constantly been under discussion and examination?—Yes.

524. You being one of the responsible advisers of the Secretary of State, if you had believed, or had any reason to believe that the interpretation which was generally accepted by the India Office was erroneous, and that a construction more favourable to the interests of the Indian Government could have been put upon those contracts, you would have recommended, would you not, such an opinion to have been taken?—Undoubtedly.

525. And it was, I suppose, because there had been practically an unanimity as to the construction of these contracts that that has not been done?—I am very glad of an opportunity of stating what you have just been saying. I said that I was not personally aware of any recent opinion having been taken outside the India Office. I am not at all prepared to say that there may not have been opinions taken; but this, at all events, I can say, that these contracts have been, ever since they were made, the subject of constant discussion in the India Office, and by a variety of counsellors who have succeeded each other; they have been a topic of great controversy, great debate, and at last there has been a certain accepted construction of them which has become so much a part of the tradition of the office, that it was not thought necessary on this particular occasion, there being no revival of any controversy or doubt, to form a fresh opinion; and it was in consequence of that, this being the construction so generally accepted after years of debate and discussion, that we none of us thought that any occasion had arisen for reviving the question and seeking a further opinion.

Friday, 25th April 1879.

MEMBERS PRESENT:

Mr. Fawcett.	Mr. Hubbard.
Mr. Grantham.	Mr. Muntz.
Lord George Hamilton.	Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

Sir LOUIS MALLET, C.B., and Mr. E. R. CAVE-BROWNE, re-called; and further Examined.

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

25 April 1879.

Chairman.

526. (To Sir *Louis Mallet.*) I THINK we arrived at the point where you had explained to the Committee the method by which the Secretary of State proposed to acquire possession of this line, and we postponed, until to-day, examining you as to the arrangements which it is proposed to make for carrying on the management and direction of the line. Perhaps you could, at the outset, state to the Committee what the net income has been during the past few years which has been derived from this line?—I have here a statement showing the net earnings, the guaranteed interest, and the surplus profits of the East Indian Railway Company for a series of half years, beginning with the half year ending the 30th of June 1874; that is for a period of four years and a half. I think the question which you asked me had reference to the net earnings.

527. Or if you could put it, in the shape of the dividend?—I can give the Committee the dividend separately; the total dividend earned, and the surplus dividend paid, in the same half year. The surplus dividend paid (that is over and above the 5 per cent. guaranteed) in the year 1874, that is, the two half years put together, was 1 *l.* 7 *s.* 6 *d.*; in the year 1875 the two half years put together, the surplus dividend paid was 6 *s.* 11 *d.* per cent.; in the year 1876 the surplus dividend paid was 1 *l.* 3 *s.*; in the year 1877 it was 2 *l.* 4 *s.*, and in the year 1878 it was 1 *l.* 7 *s.* 6 *d.*

Mr. *Hubbard.*

528. In addition to the 5 per cent. guarantee?—Yes, in addition to the 5 per cent. guarantee, and to the share of the Government. The total dividend earned, which includes the share of the Government, was, in the year 1874, 7 *l.* 15 *s.*; in the year 1875, 5 *l.* 13 *s.* 10 *d.*; in the year 1876, 7 *l.* 6 *d.*; in the 1877, 9 *l.* 8 *s.*, and in the year 1878, 7 *l.* 15 *s.*

Chairman.

529. That is the income which has been derived during the past five years from this property. Now it is clear from the statement which you made the other day, that the Government in acquiring possession of this property will place a certain annual charge upon the revenues of India, and that that charge will for a certain number of years be permanent and constant. Unless therefore the Government could with some certainty rely upon receiving a certain income from this property, of which they will acquire possession, the transaction might be a losing one; and therefore I should like to ask you whether you have fully considered this contingency, and how you propose to meet it?—That contingency is no doubt most important, and necessarily formed one of the principal elements of consideration in deciding on the policy to be pursued. It was obvious that unless the contract was allowed to run on under conditions which during the later years had become manifestly unfavourable to the Government only two courses were open to us; one was to purchase the line by means of a payment of cash, and the other to purchase it by means of an annuity. I stated the other day the reasons which led the Secretary of State to prefer the second alternative, and I need not revert to them. Well, having decided upon that course, there was no escape from the charge which would thereby be thrown upon the revenues of India; and the question therefore which presented itself was simply this, whether there was a better prospect of the railway being made to earn a sufficient sum, not only to bear the charge thrown upon it, but also to place in the hands of the Government any amount of profit which was possible; whether that could be best attained by undertaking the management of the line by the State or by continuing the machinery of the company for that purpose. That was really the important question which had to be considered; and it was one upon which very different opinions were entertained; but after great discussion an absolute concurrence of opinion was arrived at between the Secretary of State in Council and the Government of India, in preferring a continuance of the company as the machinery for working the line; under the distinct belief that by that method the line would be made more remunerative, and would be better able to bear the charge of the annuity, which in the first place is thrown upon the line, although ultimately falling on the revenues of India; and also with a view of affording to the Government and people of India a considerable sum, as time goes on, in the way of revenue. It is one of those questions on which different opinions are entertained, and which may be discussed for ever; but I can only say that there was a very distinct preference accorded to the second course, and

Chairman—continued.

and that the Government of India freely concurred in that course, although as a general rule (as I daresay the Committee know), the Government of India is very much in favour of State management. There is always a pressure in India on the part of the able officers of the Public Works Department to take lines under their own management; they have a great belief in their power of managing lines economically. Still in spite of that strong element of opinion, the Government of India entirely accepted the opinion of the Government, of the Secretary of State, that it was better to preserve the machinery of the company. Into that decision a great many considerations entered. No doubt the primary consideration was the financial result, and upon that point the India Office, and finally the Government of India, came to the conclusion which I have stated, that it was distinctly advantageous to retain the machinery of the company. But there were other more general objects which were also in view. It was considered that it was very important to continue the interest felt by a large number of persons in this country in a great enterprise in India. The half-yearly publication of reports, the number of hands through which they pass, the manner in which they are read by those who have got a distinct interest, a pecuniary interest, in reading them, the kind of interest which is engendered in the commercial progress of India, the knowledge of that progress which is diffused amongst the public in England; all these are very important public considerations, and considerations which weighed, no doubt, to a great extent, at all events, had their weight in inducing the Secretary of State to adopt the course he took. I need not say that a State railway managed by officers of the Public Works Department, drops very much out of sight. The English public knows very little about it; it is scarcely possible that the management of such a line would be conducted with the same keen practical knowledge of the commercial policy which is most favourable to the line. There are many questions which will occur to the mind of every one on which a great commercial body which has its seat in London, which has access to a great variety of knowledge which is not at all accessible to the officers of the Public Works Department in India, must exercise a most important influence in determining the policy of the administration of the railway, and certainly, in my own opinion, cannot fail to make a very considerable difference in the prospects of the line with a view to commercial profit. That is an opinion which certainly was entertained very strongly by the India Office, and one which I entirely share. I cannot help thinking that a great risk would have been run if the line had been handed over entirely to State management, of a diminution rather than an addition to the earnings, and that the revenues of India would, in the long run, have probably very materially suffered from the change of administration. And in addition to that general consideration there is one, also of a general kind, which I think common sense sanctions, which arises from the fact that you find in existence a great commercial enterprise which is being excellently well managed, and managed every year better and better, because that really is the fact with which we have to deal. We find a great railway in India, which has been brought gradually, after a great deal of time, no doubt, and with many checks, but has been brought to a state of the highest efficiency; in fact, it has been stated, and I believe it would be very difficult to contradict it, that if measured by the ordinary tests which are applied to railway enterprise, it will be found to have been, on the whole, perhaps, the most successful instance of railway administration in the world. I might refer the Committee to the very interesting Paper which was appended to the Report of the East India Public Works Committee last Session by Mr. Rendel, who is the engineer of the East India Railway, in which he gave a great many very minute calculations showing the working expenses, and the gradual reduction of them, and in which he entered into a very minute and elaborate comparison of the rate of carrying both passengers per mile, and goods per ton per mile, in comparison with the English lines of railway. The results are very startling, and very satisfactory, so far as to show that the administration of the East Indian Railway is a very efficient and a very economical one. This was a very important fact with which we had to deal; and it was felt at the India Office that there would be something very rash and very unwise in throwing aside a machinery which had been found to be so efficient, which was improving every year, under which there had been a progressive diminution in the working expenses, and a progressive increase in the net earnings; that the mere fact that we had to deal with such an administration as that, of itself should make us hesitate very much before we embarked upon a totally new enterprise and experiment, namely, the handing over to an administration already over-burdened with work, already charged with duties which we all know it can only discharge with very great difficulty, the conduct of a vast administration of a great railway company on commercial principles.

530. Mr. Fawcett rather objects to one expression you have made use of about "progressive increase" of revenue, because your figures do not quite bear that statement out. I believe the revenue has fluctuated from one year to another; and those fluctuations are, I believe, very much caused by the varying demand that there is for food in different parts of India?—That question I should answer in this way: I have merely given the Committee five years. No doubt in that period, as Mr. Fawcett observes, there are great fluctuations; and, as you have remarked, they are explained in that series of years by the fact that in the year 1874 you had the Bengal famine, the Behar famine, which very largely increased the earnings of the line; and in the year 1877, as we all know, those earnings were very abnormally increased by the famine in the south of India. But the expression which I have used had reference rather to the results of the working of the line over a longer course of years; and speaking quite generally I think that it is quite a correct statement to say that the line has been distinctly an improving one, and that there is every reason to believe that it will still continue to be an improving one.

Mr. *Grantham*.

531. There is a large falling off, I observe, in the year 1875 in the Government share of the surplus dividend; in 1874 it was 1 *l.* 7 *s.* 6 *d.*, and in 1875 it fell to 6 *s.* 11 *d.*?—I can only account for that in the way I have already explained.

532. Your

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

25 April 1879.

Mr. *Fawcett*.

532. Your statement leads to the conclusion from the general praise you have bestowed upon this company, that this increase in the returns is owing to superior management. Now, as far as one can discover, it simply arises from the misfortunes of India; when there is a famine year the returns go up abnormally high, and when there is not, down they go again; and as far as I understand they are very much less in 1879-80 than they were two or three years ago; therefore the "progressive improvement" of this railway is an incorrect expression, I submit, and you should rather substitute this statement, that the returns from the railway increase when India is afflicted with famine. I do not object to the word "progressive," but I do not think that your figures show that these progressive returns in the least degree arise from the superior management of the company, but rather that they arise from the famines?—The idea in my mind rather had reference to the progressive diminution in the working expenses, in the proportion of the earnings to the working expenses; that is very remarkable. Mr. Crawford put in a table the other day to the Committee, which I have here, and which shows what the percentage of working expenses is. I do not know quite what year to go back to; if you like to go back to the beginning you get a very large percentage indeed; but taking it from 1855, the percentage of working expenses in that year was 53 per cent., and in 1878 they had been reduced to 32 per cent.

Mr. *Grantham*.

533. Looking at these returns which have been handed in to us, as to the working expenses, it is not the case recently that the working expenses have gone down so much as it is that they always went down for some years in a remarkable degree from the time the line was first opened, and then they went up again, and now of late years they have again decreased. In 1855 they were at 53 per cent.; the next year, 1856, they had dropped down to 40 per cent., a very considerable fall in two years; but the following year that amount is still decreased to 38 per cent.; so that in the first three years of the working of the line the gross expenses went down from 53 per cent. to 40 per cent., and to 38 per cent.?—It is quite true. I daresay there may be special reasons, but I am not able myself to state them. There may be reasons which might be given by those who are better acquainted than I am with the earlier history of the company.

Mr. *Fawcett*.

534. What security have we, considering the company knew that this purchase was probable, that the working expenses have not been cut down in this way; what evidence can the Government produce to show that this is not the case; that being anxious to get the price of the shares (naturally so, with no improper motives) to the highest point possible, they spent an unduly small amount on repairs; has the Government got any information as to whether, in order to swell the dividend, they cut down the amount of repairs, and threw what might in other years have been spent out of income, on capital?—I do not imagine that it would be possible for the company to have erred in that direction very much without the Government having been cognisant of it; the relations of the Government to the company are so close, the Government director being on the board.

Mr. *Fawcett*—continued.

Chairman.

535. With regard to that point, I believe that there are very strict regulations laid down as to the items which may be charged against the revenue, and also as to those which may be charged against the capital account?—Distinctly; those are matters which can be only decided with the sanction of the Secretary of State.

536. And although I suppose you are hardly prepared to go into details as to the management of this company, yet you are aware that an officer of the Indian Government annually reports upon the condition of the permanent way of the line?—Undoubtedly.

537. And no doubt Mr. Danvers could give information on these details with more precision than yourself?—Yes, as the Government director, Mr. Danvers is far more conversant with these matters than I am; but, speaking generally, that is the state of the case, as you say, that the line is very strictly inspected by an officer of the Government in India, and that in London we have an officer of the Secretary of State who is a director of the company, and everything that is done, is done with the cognisance of the Secretary of State.

538. It is pretty clear from your previous answer that the sole object which you had in view in proposing to continue the East Indian Railway Company as the direction for the next 20 years, was, that it was the most economical machinery by which the acquisition of this line could be made advantageous to the Indian taxpayer?—That was the distinct opinion of the Secretary of State; whether right or wrong it was a very deliberate opinion; and it was an opinion shared by the Government of India.

539. I think, previous to your appointment at the India Office, you had a long experience at the Board of Trade?—Yes, for many years.

540. I suppose in that capacity you had some opportunity of ascertaining whether a Government can work enterprise of this kind as economically as a private company?—The experience of England in State management of commercial undertakings is, as we all know, not large; but certainly as a man who has been in the habit of observing the actions of Governments and commercial bodies for many years, and as an economist, my own opinion is very strong indeed that there can be no greater mistake for a Government than to undertake the management of a commercial enterprise. I think it is open to the most serious objection; and irrespective of any skill in management, or of any deficiency in commercial knowledge, both of which are very important questions, there is one consideration, more or less of a political kind, which also weighed very strongly in determining the Secretary of State in the course he took, and that is this, and I think it is one which in a country like India is especially operative. We all know the kind of pressure that is brought to bear on such a Government as that of India (I may say on all Governments, but particularly on such a Government as that of India) in times of national distress, periods of famine, or at any time, in fact, when people are suffering from any special cause; that there is a tendency to bring public pressure to bear upon the Government to reduce

Chairman—continued.

reduce its charges, in every respect, in all those matters over which it has control, to the lowest possible point. For, my own part I can hardly believe that, for instance, in a period of famine, the Government would be able to resist the pressure which would be brought to bear upon it to reduce the cost of carriage, to lower its fares, to lower its rates, and to carry goods at rates which are not in any sense remunerative; and a great source of profit, and perfectly legitimate profit, would have been thereby cut away from the Government, and which under the administration of the Company may be retained. It was considered very important that the Government should be to a certain extent protected from that pressure by having, between it and the public, a body entirely independent of all political considerations, who had distinct rights, who were bound for their own sakes to conduct the Company on strictly economical principles, and simply in determining their rates to decide whether those rates were the most remunerative or not. That was a point also very much considered, and which weighed very much, I think, in deciding the Secretary of State in the course he took.

541. Then too, you would hardly consider the Indian Government more advantageously situated than the English Government for resisting pressure from their servants for increase of salary or superannuation allowance?—That again is a point which does not require very much said upon it. The experience of all those who are conversant with public affairs in England, I think, is quite enough to satisfy everyone that the moment an undertaking is taken in hand by the Government, the salaries of employés immediately rise; and in India that is a consideration which is of much greater importance even than it is in England. In India, as is well known, in the first place the salaries of all Government employés are very much higher than they are in England; and now that the conditions of life are not so dangerous and the facilities of communication are greater, I may say that the rates of pay in India are not only positively, but relatively higher than they are in England; and these are complicated and aggravated by a most liberal system of furlough rules and pensions, from all of which the employés of a railway administration are exempt; and I cannot doubt that the cost of administration would have been very largely enhanced from the day on which the Government took over the management of the company. I cannot go into any calculation on the matter, but on the general principle, I entertain no doubt whatever that the cost of administration would have been very largely increased.

542. I assume that the Secretary of State and his Council declined to run that risk in taking over the line themselves and working it?—That, among the other reasons which I have stated, weighed very much with them in thinking it a very dangerous responsibility to undertake, and a very unwise one.

543. And therefore as you considered it expedient to entrust the working of this property to a commercial direction, you thought you could not do better than utilise the existing direction?—That was the opinion of the India Office, and of the Government of India.

Chairman—continued.

544. Then in order to give an interest to a certain number of persons in the economical working of this line, you proposed a certain arrangement by which one-fifth of the annuity could be capitalised, bearing interest at 4 per cent., with a certain proportion of the surplus profits; and I assume that in making these arrangements you had a twofold object; on the one hand, to give to the shareholder such an interest as would result in economical management; but on the other hand, to retain the greater proportion of the profits, which would accrue from this management, in the hands of the Secretary of State?—No doubt those were the two objects we had in view.

545. And you think that the arrangement which is proposed would attain both these objects; it does give the shareholder a sufficient interest, and it does, on the other hand, secure to the Secretary of State four-fifths of the surplus profits?—We think that those two objects will be very fairly secured under the present arrangement. The particular form which any such arrangement might assume, was open to a great deal of question, 50 schemes, I may almost say, were mentioned; certainly 50 schemes might have been suggested, and I do not think that a much fewer number were actually suggested and considered. The particular form of the arrangement is open to infinite variation, and was open to great discussion; at last, by mutual arrangement with the company, this particular form was adopted; and it is believed by the India Office and by the Government of India that the two objects which you have pointed out will be very reasonably secured by that arrangement. The immediate gain to the Government is not very large, although quite sufficient of itself to give them a distinct advantage; but the whole ground of the policy which has been pursued is the belief, and it is a strong belief, that looking to the remainder of the term of the contract, in the course of that time, this property is a property which will become a very valuable one indeed, and that it would have been in the highest degree dangerous to have allowed an opportunity to go by without securing to the Government what appeared to them the great probability of a very considerable enhancement in the value of this property in the future. The immediate financial results I can state to the Committee, very shortly, for a few years.

546. Perhaps before you put in those figures, I might ask you whether those figures tally with the statement which has been sent home by the Indian Government, or whether they are the result of more recent and more precise calculations?—With regard to the statement sent home by the Indian Government in the Budget Statement, I may say that the mode by which their calculation has been made, does not tally with the results of the process which has been adopted in the India Office, and considerable doubt exists, therefore, as to the accuracy of the figures in that statement. It is impossible to say whether they are accurate or not until time has been given to communicate with the Government of India; at all events the calculations of the India Office do not correspond with the calculations in that statement.

547. These figures which you are about to give, of course, are the result of more recent and

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

25 April 1879.

Chairman—continued.

and precise calculations?—These are calculations which, of course, can only be approximate; and I might mention here one element of uncertainty which really vitiates, to a great extent, the calculation; at all events, prevents it from being anything more than approximate, which is the variations in the rate of exchange. When the negotiations with the company commenced, the rate of exchange was very much higher than it is now; and at that time the calculations of the surplus profits which would be divisible, were, therefore, larger than they are at present; and in all the calculations made, it has been found necessary to assume some particular rate of exchange, which may or may not be the actual rate of exchange, and the figures which I shall read to the Committee are calculated at a very low exchange (although, I am sorry to say, a higher exchange than that which now prevails), 1 *s.* 8 *d.* the rupee. According to this calculation, in the year 1877, which was the great year, the famine year, the new arrangement would have given to the Government a gain of 134,000 *l.*; on the average of the years 1876 and 1877 (which was considered, on the whole, to be a very fair basis), the gain would have been 51,000 *l.* under the new arrangement; and on the assumption that the earnings of the line continue at that rate, that, at all events, will be so much gained. It is not a very large sum, but, at all events, to the extent to which it goes it is an advantage. And I have another table which, perhaps, will give a clearer idea to the Committee than the one I have read, which is taken at 1 *s.* 8 *d.* the rupee. I should say that the net earnings of the line in the year 1876, converted at 1 *s.* 8 *d.* the rupee, were 1,918,527 *l.*

Mr. *Grantham*.

548. That is rather different from the net receipts, as they appear in the paper before us, handed by Mr. Crawford?—I am speaking now of the net earnings before the deductions.

549. What is the difference between net earnings and net receipts?—The explanation I think is, that that is not the same rate of exchange. I find that it is calculated at 1 *s.* 10 *d.* the rupee in the paper you are looking at; that explains the excess. In the year 1876, the net earnings, calculated at 1 *s.* 8 *d.* the rupee, are 1,918,527 *l.*; in 1877, they were 2,518,658 *l.*

550. On this list before me, it is 2,503,000 *l.* for the latter year; you see there you are 15,000 *l.* excess in your figure?—This is for the whole of the year 1877; perhaps that is for the financial year, but the figures being prepared by different people, one does not know. However, my simple object in mentioning the figure was quite a general one; to show that in the year 1877, which is the largest year which has ever been known, and which is the year in which the profits of the line were affected by abnormal causes, and, therefore, not one which we consider as an average year in any sense, we had net earnings of two and a half millions in round numbers, and, taking the average of 1876 and 1877, we had something under two and a quarter millions. An estimate made of the present year 1879-80, which is, of course, nothing more than an estimate, is something over 2,000,000 *l.* Then on the calculation that I had made (which is nothing more than an estimate to show the sort of probabilities before us), it appears that on the assumption that the net earnings were 1,666,666 *l.*, the Government would gain nothing by the present arrangement, but would lose 51,847 *l.*

Mr. *Grantham*—continued.

Mr. *Fawcett*.

551. The figures you have just given are the estimated earnings of the East Indian Railway Company for the present year, 1879-80?—The estimated earnings for the year 1879-80, by the Government of India, are 2,079,000 *l.*, converted at 1 *s.* 8 *d.* the rupee. Take the next hypothesis, that the earnings of the line are at the rate of 2,083,333 *l.*, that is a little in excess of the estimated earnings of the year 1879-80; upon that figure the gain to the Government under the new agreement would be 73,739 *l.* On the assumption that the net earnings of the line amounted to two and a half millions at 1 *s.* 8 *d.* the rupee, which is something under the earnings of the year 1877, the gain to the Government under the new agreement would be 197,489 *l.* On the assumption that the net earnings should become 2,916,000 *l.* at 1 *s.* 8 *d.* the rupee, the gain to the Government would be 321,000 *l.*, and so on; you may go on *ad infinitum*: but that is quite enough to give the Committee a general idea of the profit which will accrue if the line proves to be, as we fully believe it will be, a line increasingly profitable.

Chairman.

552. You speak of loss to the Government; that is including, of course, the sinking fund of the annuity?—No doubt it is in consequence of that, to a great extent.

553. The annuity being one of the primary charges upon the revenue of the Company?—Yes, no doubt.

554. (To Mr. *Cave-Browne*.) At present I believe on all the payments which are made to the shareholders of the East Indian Railway Company up to the 5 per cent. guarantee, there is a loss on account of the exchange being taken at 1 *s.* 10 *d.*, is there not?—Certainly.

555. And that loss would be included under the head of "Loss by Exchange," I imagine?—Yes, it becomes a charge on the revenues of India under the item "Loss by Exchange."

556. So that, in addition to the sinking fund the loss now included in the payment of the 5 per cent. under the head of "Loss by Exchange" will be now met out of the revenues of the East Indian Railway?—Certainly.

Mr. *Grantham*.

557. (To Sir *Louis Mallet*.) You have told us what would be the probable loss and gain under certain circumstances, according to the net earnings of the line; but would it not be a fair way to test it by taking the average of what has been the dividend paid to the shareholders during the years you gave us; that is, from the year 1874 to 1878; and I think you will find that, taking the average of those five years, the loss to the shareholders would be 13 *s.* 3 *d.* per cent. under the new arrangement; and that if you multiply that 13 *s.* 3 *d.* by 30,000,000 *l.*, which is the capital sum, it would come to 19,875 *l.* a year?—Yes.

558. And would not that represent, therefore, as the average of the last five years, the annual loss

Mr. *Grantham*—continued.

loss to the shareholders, and the relative gain to the Government?—Yes, I should think it would do so; that seems to me to be accurate.

559. Setting aside the gain to the Government or the money they are investing in this sinking fund every year, there is a gain to them of 19,875 *l.* every year?—On that calculation it appears so.

560. With regard to the figure you have given us, that there would be a loss to the Government of 51,000 *l.* a year, as the net returns are only 1,666,000 *l.*; does not that rather seem, looking back to the returns which have been given to us, that there would have been a loss to the Government under every year except the years 1874, 1876, 1877, and 1878; that during the whole working of the line the net returns have never exceeded 1,666,000 *l.* except in those years?—I am not sure that I have a statement with me of the net earnings of the earlier years.

561. You may take it, I think from me, that that is so; I have it before me. In 1873 they were 1,600,000 *l.*, which is 200,000 *l.* more than they were in 1872. In 1874, the year of the famine, they go up to 2,061,000 *l.*; the next year they drop down to 1,546,000 *l.*, which is less than the figure you have given us; and therefore in 1875, under this arrangement, there would have been a loss to the Government of something like 60,000 *l.* on your figures?—It appears to be so, certainly.

562. And therefore, unless you can keep up the returns of the last two or three years, there will be an absolute loss to the Government by this arrangement?—I think that is incontestable.

Mr. *Fawcett*.

563. You kindly said last time that you would explain to the Committee definitely, looking upon it purely as a financial transaction, what is the loss which would be caused to the Government by anticipating before the stipulated time the purchase of the Jubbulpore line?—I had a calculation made to show what the annual loss of that anticipation amounts to, and I can show the Committee the results. The figure is 10,667 *l.* a year; I can explain to the Committee the way in which that calculation has been arrived at. The East Indian Railway Company's total share capital is 26,200,000 *l.*; that is the original capital; on which 5 *l.* 12 *s.* 6 *d.* annuity is paid; that brings out a sum of 1,473,750 *l.* Of that the capital of the main line is 23,000,000 *l.*, which receives this annuity at the rate of 5 *l.* 12 *s.* 6 *d.*; and if that rate of annuity had been confined to the main line and not extended to the Jubbulpore line, we should only have had to pay in respect of the main line 1,293,750 *l.* The capital of the Jubbulpore line is 3,200,000 *l.*; and if we had not anticipated the purchase of it, we should have had to pay an annuity upon that sum of 5 *l.* 5 *s.* 10 *d.*, which would have caused an annual charge of 169,333 *l.*; that is on the assumption, I should observe, that we shall be able to reduce the interest on the 17,000,000 *l.*, which we shall have to repay next year by a loan at 4 per cent. The two figures together bring out a total sum of 1,463,000 *l.*, instead of 1,473,000 *l.*; the saving therefore to us by the non-anticipation of the purchase would have been a little over 10,000 *l.* a year.

Mr. *Fawcett*—continued.

564. In fact you have given the capital on the Jubbulpore line, the advantage of the abnormal rate of interest of 4 *l.* 6 *s.*?—That is quite true.

565. The 10,000 *l.* will have to be paid for 73 years; and taking the capitalised value, what do you reckon that to be; it is a gratuitous sacrifice of 250,000 *l.*, is it not?—It is equal to a present payment of 251,439 *l.* That is quite true; I do not at all deny the fact. It was a question of balance of advantages, and, on the whole, it was thought that that was the best course. As I have said before, the whole of that calculation depends on a doubtful assumption. It is by no means certain that we shall get the whole of our 17,000,000 *l.* at 4 per cent.; and of course if we pay a higher rate the calculation would be very much modified.

566. Without wishing to dispute the cogency of your arguments in favour of private management as against Government management if they are accepted, they tend, do they not, to supply conclusive reasons against the entire Public Works policy of the Indian Government at the present time; because, as I understand, the whole of the Public Works Expenditure, which is being carried out in India now, is to be under State, and not under private management?—I am afraid I am not a very good witness to answer that question, because my general opinions are rather unusual upon that subject; but I think it is a very different thing to continue an existing administration which has been considered to be efficient and satisfactory, and to decide upon a very different question, which is, whether to continue a system of guarantees to new enterprises, which has been found on the whole to be a very doubtful policy, or to at once take upon the State the management of its own enterprises. Those enterprises which are under State management have not been sufficiently long in progress to enable us really so far to form any judicial opinion as to their relative merits, compared with the private enterprises of which we have more experience; therefore it would not be fair to express any opinion on that subject at present.

567. But without assuming that we have no alternative except Government agency or a guaranteed system, I think it must be obvious to you that all your general remarks that you have made about the political pressure or the popular pressure likely to be brought to bear upon the Government to reduce fares, and the political evils of a great amount of State management apply absolutely to the present system which is now being carried out in India; all the railways being constructed at the present time in India are State railways; the consequence is that these evils which you have referred to, the pressure to reduce fares in a time of famine, and the other evils, will apply to the whole of the railways now being constructed in India?—That is perfectly true; and I think the feeling of a great many authorities connected with the Government of India was that it was very desirable to keep out of the fire as much as we could.

568. Now as I understand the Bill which we are considering, practically we have not before us the terms of the future management of this railway; because I read clause 22 to this effect, that the contract as to the management of the

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

25 April 1879.

Mr. *Fawcett*—continued.

railway, the proposed arrangement to be carried out, shall be determined hereafter between the Secretary of State and the company; therefore, so far as this Committee is concerned, we are simply as it were considering a blank sheet of paper with regard to the future management of the company; we do not know what regulations may be put into that contract?—That is quite true; the contract is still under consideration, and still under negotiation.

569. As I understand, this Committee has to determine whether it will be for the interest of India or not, that this arrangement should be carried out; do you not think it is essential, to enable any one to come to an opinion as to the expediency of this arrangement, for them to see the contract before they come to a decision; how can they tell if they do not?—The terms of the contract of course must be matters which involve a great variety of questions, on which it is scarcely possible, it appears to me, without very great experience of the relations of the Government of India and the railways, to form a very distinct opinion. The general object of the Government in that contract of course would be, while on the one hand maintaining the principle of leaving to the company a considerable and sufficient freedom of action to maintain that degree of independence which is essential to commercial success, and to the existence of an important company, nevertheless to secure to itself such a power of supervision and control as experience has shown them to be desirable with a view to the satisfactory working of the line. I do not know that I can very well answer that question. Of course the Committee can alone decide what they consider to be necessary to enable them to satisfy their own conscience in the matter; but I think that if the general principles of the agreement were approved by the Committee, with regard to the terms and conditions of the contract which involve a great many matters of administrative detail, it might be not unsafe to leave them for negotiation between the Government and the company, subject of course to future presentation to Parliament.

570. But the experience of the past to which you referred in your last examination, shows that, as far as the interests of India are concerned, it is not safe to leave the arrangement of these contracts to be negotiated between the Government and the company, because, as I understand you, you admitted to the full the very remarkable extent to which all these contracts in the past were unfavourable to India; I think you used the expression that you could not understand such terms being put into any contract; and yet those were sanctioned by the Government of India, that is to say, by the East India Company and by the President of the Board of Control at the time?—I fully admit, as I admitted the other day, that the terms of the old contracts have been found after a lapse of years to give rise to a great deal of doubt and difficulty, and there are in them clauses which no doubt it is very difficult to justify, and which, if one had to make the contracts over again, one should probably have avoided. It is impossible, of course, to remove any feeling which may exist on the mind of the Committee of distrust with a view to the future as evidenced by the experience of the

Mr. *Fawcett*—continued.

past; but I cannot help thinking that the conditions of the contract in this case are so clearly defined as regards the main financial and public objects, that really what remains relates more to matters of details than to the general principles, and that the same danger of any really injurious or doubtful clauses in the contract does not exist as in the former case.

571. I am not in the slightest degree wishing to lay down what the terms of this contract ought to be, but it seems to me that this will be our position if we approve this Bill without seeing what the contract is; we are made responsible for this Bill; in passing it we become responsible; whether the Government are right or not in throwing the responsibility on this Committee is not a question for me to determine, but we are made responsible, and if we pass this Bill without seeing the contract we shall be virtually signing, shall we not, a blank cheque to be filled up afterwards without our control?—There is no doubt that the short time which remained for the conclusion of all these arrangements has presented a difficulty in the way of that sort of deliberate mode of proceeding which might have been in other respects desirable. It is very difficult to express any opinion as to the extent to which the Committee would think itself justified in recommending the Bill without seeing the contract; but I do not know myself that I can say very much more on the subject.

572. Now I will give one instance of what, as it seems to me, would be left for future determination, and as far as this Committee is concerned, we should have no voice in the matter. Nothing so far as I can discover in this Bill indicates what will be the remuneration of the directors?—That is a matter, no doubt, which must be decided between the Secretary of State and the court of directors?—It is not specified in the Bill.

573-4. I do not in the least degree say that anything improper will take place, but as far as we are concerned we are asked to sanction an arrangement, and one part of that arrangement will be the paying of the directors an amount of money over which we may not have the least control; we do not know (simply as a matter of fact, there is nothing whatever in this Bill to show) whether the remuneration of the directors is 200 *l.* a year or 2,000 *l.* a year?—I speak subject to correction, but I am not aware that in that respect any change is made from the existing system. I imagine that the Secretary of State and the board might agree upon any rate of salary at present.

575. But when you speak of the existing system, the very thing which I wish to avoid is our sanctioning such a system as is now in existence; because it seems to me that if any committee could have only had an opportunity of considering the contracts which are in operation now, they would never have sanctioned them; and therefore anything connected with the present system, it seems to me, should be considered not as a precedent to suggest our future conduct, but as a warning to avoid?—I should have thought that questions of this sort as to the remuneration of directors, are matters which might be left. After all the Government of India has in its power questions of infinitely greater moment than that which are entirely left to their own discretion,

Mr. *Fawcett*—continued.

discretion, and I could hardly imagine that it would be thought necessary to tie the hands of the Secretary of State by Act of Parliament as regards the remuneration of directors in the conduct of an enterprise in which he has so great an interest. There must be a certain power to a great Government like the Government of India in these matters, controlled by the Secretary of State, and I do not know that that is an unreasonable power to leave in the hands of a responsible Minister, a Minister responsible to Parliament. It appears to me that any arrangement of that sort which was open to any serious objection, would be so distinctly the subject of criticism in Parliament that it would be very difficult to imagine any very great abuse arising.

576. I am not in the least degree contending for the interference of Parliament in the details of Indian administration; but by the act of the Government themselves, and not at a request from Parliament, they ask Parliament to consider a very elaborate arrangement; we have to sanction some of these arrangements down to most minute details, and what I am contending for is this: if Parliament and this Committee are made responsible (they did not ask that they should be) for this arrangement, all that I am saying is, that they cannot exercise that responsibility properly unless they know what they are going to sanction; is not that so?—Parliament cannot, of course, be responsible for anything more than it sanctions; but if it possesses sufficient confidence in the Secretary of State to leave the terms of the contract to be arranged between him and the company, their responsibility would cease at that point.

577. Now I see that in some respects we shall have to inquire in this Bill into most minute details. I want to know why in the future a meeting will be legally constituted (and I suppose a meeting of proprietors will have in future very considerable powers) if it only represents 40,000 *l.* of stock out of a capital of 32,000,000 *l.*, 6,000,000 *l.* of which is owned by the proprietors. Now can such a meeting as that, a meeting thus constituted, be considered in the slightest degree to represent the interests of the company or the interests of the Government; may it not be purely a packed meeting?—I think that is a question which probably some other witness will be able to answer better than I can; it is not a point that I have given my attention to, and I am not prepared to state the grounds on which that particular provision rests.

578. There are some of the provisions in this part of the Bill so extraordinary that I should like to find out who prepared them?—The Bill was prepared by the company.

579. I understand that the Bill was prepared by the company and accepted by the Government?—No, it has not been accepted by the Government.

580. The Government, I suppose, by introducing this Bill into Parliament (I believe the Under Secretary considers himself responsible for it) does accept this arrangement of having a legally constituted Committee consisting of proprietors holding only 40,000 *l.* of stock out of a capital of 32,000,000 *l.*?—That was a point, no doubt, which the Government considered might be very properly discussed in Committee.

Mr. *Fawcett*—continued.

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

25 April 1879.

581. Then there is another arrangement, in the 26th clause, I think, to this effect: a person holding only 20 *l.* of stock (so far as I interpret the clause) has a vote; if he is the owner or the possessor of an annuity of 1 *l.* a year, which represents, say something less than 20 *l.* of stock, he has a vote?—That is so.

582. So that a person by cutting up 1,000 *l.* may at once get 50 votes; according to that arrangement you may create 50 votes out of 1,000 *l.* of stock; and there is this extraordinary arrangement, that if he owns an annuity of 1 *l.*, he has one vote, but if he is to get two votes he must hold an annuity not of 2 *l.*, but of 20 *l.*; it is 20 times as much to get two votes, as far as I understand the clause; so that he gets one vote by having a capital of 20 *l.*, and in order to get two votes he must own 20 times as much capital; probably you must have seen these clauses; you must have read them?—I have read them, but I have not prepared my examination on these points, and I think it would be far better that they should be answered by those who carefully discussed them in the course of preparation.

583. I suppose the details of the Bill were carefully considered in the India Office; who will be the proper person to give us such information?—I think that Mr. Danvers, the Government Director, would be the person to answer those questions.

584. Now you said, in reply to a question just now, that great pains is taken to ascertain that repairs of bridges and other parts of the line should be made, under certain conditions, out of income and not out of capital, or *vice versâ*; so that, for instance, the returns of the lines should not be unduly swollen by devoting to profits a portion of the earnings which ought to have been spent in maintaining the line. Now are there any reports which are in existence in the hands of the Government in the India Office, which show the state of the line just previous to the purchase?—I imagine that these reports are constantly made to the Government; I am not prepared to say at what particular date the last report was received; I could easily inform the Committee.

585. Have you ever looked at them from this point of view. It was evident four or five years ago, and every one knew it; there were discussions in the paper about it; it was a thing perfectly notorious that there was a very great probability that this line would be purchased by the Government, and the consequence was, of course, that the higher the price of the shares, so much the better for the company, and the price of the shares would of course partly depend upon the dividends which were earned. Now, are there any records to show that with regard to these five years, which is the only time when any surplus profit has been earned, money, which in previous years had been spent in keeping up the line, has not in these five years been devoted to profits?—I have no doubt that there would be no sort of difficulty in supplying evidence on that point from the correspondence with the Government of India. The Government of India has, as I have already stated, constant means of inspecting the line, and it has always had a deep interest in the line. Under past contracts it divided the surplus profits with the company;

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

25 April 1879.

Mr. *Fawcett*—continued.

to that extent there was a partnership between the Government and the company; and having a Government director on the Board in London and every question arising as to the appropriation of the earnings of the line being one which required the sanction of the Secretary of State, and which gave rise to considerable correspondence between the company and the Secretary of State, there was really no kind of possibility of the Government being kept in ignorance of the condition of the line, or of its being in the power of the company to starve the line with a view to forcing up the value of their shares; it is one of those cases in which it appears to me impossible that such a state of things could have arisen without the cognisance of the Government.

586. I want to see exactly to what extent the interests of the Government are protected in certain questions where they come into conflict with the Company. Of course in some respects the interests are identical; but in others they are not. The Board of Directors consists of several gentlemen, does it not?—Yes.

587. How many are there on the Board of this Direction?—Seven.

588. The Government is represented by one gentleman, Mr. Danvers, and the Company is represented by six?—Yes; that is so.

589. And in addition to Mr. Danvers representing the interests of the Government on this particular Company, he has to represent the interests of the Government on every guaranteed Company, has he not?—That is so. I should observe that the Government Director has a veto on the decisions of the Board.

590. But still Mr. Danvers is the guardian of the Government's interests in all the guaranteed railways?—He is so.

591. And this arrangement may be continued under the new system?—That is a question which no doubt will have to be reconsidered. It has been discussed already. No doubt it would appear very reasonable, and, perhaps, necessary, that the Government should have a larger representation on the Board under the new arrangement than it had before.

592. But there is nothing in this Bill, is there, to show that they would have?—That has not yet been decided between the Board and the Government.

593. You have given us the amount of profit which the Government has obtained from this line during the last five years. The first year of its deriving profit was in 1874, according to your figures, was it not?—I only gave those years; but 1856 was the first year in which a surplus profit was gained.

594. As a question was put last time about its being of very little consequence to the Government, even if money had been wasted, can you state to the Committee the aggregate amount since 1855, that the Government of India have had to pay this Company to make good the guarantee?—I have no doubt I could give you that figure.

595. Will you please give it?—The guaranteed interest advanced in excess of the net revenue amounts to a sum of 4,505,279 *l.*

596. And the amount of profit that the Government has received at a set-off against that 4,500,000 *l.* is what?—That is the net advance, or loss to the Government.

597. That is after deducting the surplus profits which they have received?—Yes; their share of the surplus profits.

598. At the time when the guarantee of 5 per cent. was given, or a great part of it, it was perfectly possible for the Government to have borrowed money in England at less than 5 per cent., was it not?—I am not at all prepared to answer that question; I do not know how that was.

599. I will put it in this way: as a matter of fact, there was not the slightest reason why a guarantee should be given beyond the current rate of interest; because the security was precisely the same, and in fact the position of the shareholders was better, because if the Government paid them off at any time, they would have had to pay them off at the price of the shares, whereas if the owner of stock is paid off, he is paid off at par; therefore the position of these shareholders was really better?—I see no reason why the guaranteed interest should be higher than the current rate of interest, say on the Secretary of State's debt.

600. Have you any instance in which it can be shown that at the time at which this guarantee was given, the guarantee exceeded the current rate of interest. We may fairly conclude that the difference of the amount represents a gratuitous sacrifice made by the Government out of the money of the people of India to this Company?—I speak really somewhat doubtfully on this point, because I have not prepared myself to answer the question, but I think the question will be met by the fact that in such cases the shares were issued at a premium which the Government took.

601. I believe I am perfectly correct in stating that the time, when, I will not say the whole of this capital, but when a portion of this capital was raised, and the guarantee of 5 per cent. given, the Government was at that time borrowing money at less than 5 per cent.?—In such cases I imagine that it would be entirely neutralised by the rate which the shares would command, the price of issue which the shares would command, and whatever loss would be incurred by the Government would be recouped by the premium which they appropriated.

602. But can you give any statement of the premium which they did appropriate?—I have no doubt that could be given.

Chairman.

603. You cannot speak with any personal knowledge as to whether or not these shares were issued at a rate bearing interest higher than that at which the Secretary of State could raise money?—It is impossible for me to do so; it is a mere assumption.

604. You know nothing whatever of such a transaction if it has taken place?—No. Information can be supplied, no doubt, as to the amount of premium at which the shares have been issued.

The Committee-room was cleared.

After a short time the public were readmitted.

605. (To

Mr. *Fawcett.*

605. (To Sir *Louis Mallet.*) You said a great deal in favour of the advantages of private management as distinguished from management by Government agency. I suppose you think, treating the question as an economical one, that the reason why private agency is superior is, that you bring in the powerful motive of self-interest?—No doubt that is one strong reason. Another is, I think, the greater amount of knowledge of commercial facts.

606. But I think I can show that the knowledge of commercial facts and the greater commercial experience is not sufficient to secure efficient administration; I can show you from the experience of this line that that is so unless a feeling of self-interest comes in at the same time, because you are probably aware that the remarks which you have made about the excellent management of this line only apply to a comparatively limited period of its history, do they not?—No doubt.

607. And although the line was administered by directors who possessed the same commercial experience as those who now preside over it, during many years when the line showed little chance of becoming remunerative, and there was consequently no immediate prospect of the company being benefited by sharing in the surplus profits, the remarks which you have made about the excellent management of the line do not apply, do they?—I am not prepared to assent altogether to that view; I should be very sorry to say that the absence of surplus profits in the earlier part of the company's history was necessarily evidence of unskilful management; it was a new enterprise in a country in which railways were unknown; the original construction of the line was interfered with unfavourably by the policy of the Government, and it was constructed at very great cost, perhaps partly owing to errors of judgment or other causes, but partly also to the results of the mutiny; and I am not sufficiently acquainted with the administrative details of the railway in its earlier years, to be prepared to admit that the commercial management was seriously at fault, or was the principal cause of the absence of surplus profits; I imagine that an enterprise of such magnitude could only become remunerative after the lapse of years.

608. Are you aware that high officials, persons holding as high a position as the Finance Minister and the Viceroy, and the whole of his Council, affirmed in the strongest possible manner that there had been a waste, and a great waste, connected with this line, simply because as long as on the whole capital which was spent upon it, whether wasted or not, 5 per cent. was obtained, the directors and shareholders had no motive for economy?—I think that is an opinion which is entitled to great respect, and the authorities which have been mentioned are very much better capable of forming an opinion on the subject than I am.

609. Will you read the opinion of Mr. Massey who held the position of Finance Minister, and also the opinion of Lord Mayo, and the whole of his Council (*handing a paper to the Witness*), and I think you will find there that the waste and extravagance to which they refer did not arise from

Mr. *Fawcett*—continued.

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne.*

25 April 1879.

a want of knowledge of the country, but rather from the fact that the company had not sufficient interest at that time in economical management. Will you read Mr. Massey's remarks from the paper which I have just handed to you?—Mr. Massey's remarks are to this effect: "The East Indian railway costs far more if not twice as much as it ought to have cost" (this was an opinion given before the East India Finance Committee, 1872); "enormous sums were lavished, and the contractors had no motive whatever for economy; all the money came from the English capitalist, and so long as he was guaranteed 5 per cent. on the revenues of India, it was immaterial to him whether the funds that he lent were thrown into the Hooghly or converted into bricks and mortar." Then Mr. Thornton gave evidence before the same Committee to this effect: "In a despatch from Lord Mayo and the other members in the Indian Government, dated 11th March 1869, he says, speaking of the general subject (the operations of the railways in India), 'On this important question we cannot do better than follow the general scope of Sir John Lawrence's argument;' and then he quotes the following words from Sir John Lawrence: 'The history of the actual operations of railway companies in India gives illustrations of management as bad and extravagant as anything that the strongest opponent of Government agency could suggest as likely to result from that cause.' After quoting these lines from Sir John Lawrence, he says, 'We assent to these views, and to the arguments on which they are based.'" I do not know what Mr. Thornton meant by "we."

610. You will see afterwards that he means Lord Mayo?—"The signers of this Despatch," he says, "are Lord Mayo, W. H. Mansfield (afterwards Lord Sandhurst), G. N. Taylor, H. M. Durand, H. S. Maine, John Strachey, R. Temple." That is a very strong opinion and very strongly expressed, and so far as the remarks of the honourable Member refer to the absence of sufficient commercial motive on the part of the company, and to the deterrent effect of the 5 per cent. guarantee, I cordially agree. That is a principle which has been decidedly accepted and become the cardinal rule of our present policy; we have entirely abandoned the principle of guarantee. It was adopted as a *pis aller*, I presume, because it was thought, rightly or wrongly, that there was no other way of getting the money; but I most cordially concur in the opinion that the operation of a guarantee, particularly so large a guarantee as 5 per cent., would undoubtedly very much diminish the interests of the shareholders in the commercial profits of the line; and to that extent, no doubt, we are hampered by the same difficulty in the future; and it was, therefore, one of the considerations which made the Government very anxious in determining the division of profits and in deciding upon the amount of interest which the company should derive from the undertaking, that a sufficient prospect of profit and remuneration should exist to supply that commercial motive which the honourable Member very properly considers is essential to the success of a commercial enterprise, and in which view I entirely concur. It is considered that the possibility of a very con-

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

25 April 1879.

Mr. *Fawcett*—continued.

siderable addition to the annuity, or to the interest rather, because it is only the interest which would be paid on that portion of the company's capital which remains in the undertaking, would be such as to supply that motive. That at all events was the intention of the arrangement, and I hope and believe that such will be the case. Four per cent. is a sum which is not very large, and the prospect of earning 6 or 7 or 8 per cent. or more, I hope in itself will supply to the company a very adequate motive for keen and vigilant superintendence, and for taking an active interest in the proceedings of their directors.

611. But at the present time the returns of this company are declining; they were less in 1878-79 than they were in 1877-78, and as far as the figures which I have read in the Budget statement go, they are considerably less for 1879-80 than they were for 1878-79, are they not?—The estimate for 1879-80 is no doubt lower, and I am not at all acquainted with the grounds on which the estimate was made, but I may state generally that it is very much the practice at Calcutta to put down their estimates as low as they can; it is a prudent course, not always a very wise one; but I confess that I do not attach very much importance to that estimate. No doubt, as compared with the profits of the year 1877 there has been a decrease, but I have heard nothing yet to make one believe that with a revival of trade the profits of the line will not revive, and become larger in the future than they have been in the past.

612. We have no official documents to contradict that Budget statement; have you the Budget statement there?—I am afraid I have not.

613. I have it (*handing it to the Witness*). If you refer to paragraph 137, I think it raises this question. You can hardly suppose the Government of India to have come to the conclusion that throughout India there is going to be a great falling off in the earnings of these guaranteed lines, unless they had some good reason for expressing such an opinion. And if you will turn to paragraph 137 in the Budget statement, I think you will find that the falling off during the present year in the earnings of these lines is estimated at no less than 1,800,000 *l.*?—That is the total, is it?

614. Yes. Now that represents a falling off on the whole line of close to 2 per cent., as far as I calculate; and the statement is very positive on the subject?—I might observe that as regards the East Indian Railway the weekly accounts which we have been getting for the later weeks, I am informed are larger than they have ever been. Paragraph 137, to which you have called my attention, says, "Thus these railways are now expected to yield 1,884,256 *l.* less than in 1877-78, and a smaller net revenue than in any earlier year since 1873-74. The gross earnings will, indeed, be far larger than in any of these earlier years, but the working expenses are, owing to costly restorations, rather high. A main cause of the unfavourable comparison of the present year with recent years other than 1877-78 (the circumstances of which year were altogether exceptional), is the progressive fall in the exchange. The growth of the net traffic earnings has been considerable, but it has hardly kept pace with the increased charge for interest and, above all, with the increased cost of the interest in silver." That, of course, is a question which must upset all calculations, and if the rupee falls still lower, no doubt that will land us in very considerable difficulties, and cut away the profits which we might otherwise have hoped to receive.

615. But if in a single year there is this very great expected falling off in the aggregate returns of the guaranteed railways, that shows, at any rate, that it is prudent not to speak confidently about this particular East Indian Railway earning a progressively increasing amount; you admit, do you not, that the exchange may become still more unfavourable, or even continuing as unfavourable as it is now the returns may decline?—If the exchange falls lower they must decline; if it remains as it is, we shall still be subject to a considerable loss on the estimate which was originally made when the negotiation was concluded; and still, in spite of that, we should be decidedly benefited, I think, by the recent arrangement. And as to the future, it is of course one of those things which is entirely speculative. Looking so far ahead as 73 years, it is a very long time, and it is idle to speculate upon it.

616. But the point to which, after admitting that the future returns of this company are speculative, I direct your attention particularly is this; the whole efficiency of the arrangements which you have adopted (I am now referring entirely to management, not to finance) depends upon this, that the company will obtain a surplus profit which will be divided amongst the shareholders, and which will give them an interest in the good management of the line; because if there is no such surplus profit, or if there is no definite and tangible prospect of such a profit being raised, then the state of this company will revert to that condition to which I directed your attention, which was described by Mr. Massey and Lord Mayo, when the company were not actuated by this commercial feeling of self-interest, and when the management of the line was wasteful?—That is quite true, no doubt.

617. Now there is one part of this contract, so far as I understand, by which this is provided; one-fifth of the surplus profits is to be given to the shareholders, but, as I understand the contract, they will not only obtain one-fifth of the profits, if any are to be divided upon the existing capital, but however greatly the capital of the line may be added to?—Any additions which are made to the line must be matters of future negociation between the company and the Government. The agreement as it stands, only relates, of course, to the existing line.

618. But supposing, for instance, that a large sum of money was spent, supposing that additional capital was spent in making the line a double line, then this arrangement would give the shareholders a claim not only to one-fifth of the profits realised on capital which they themselves had subscribed, but it would give them a right to one-fifth of the profits on the capital to which they had not subscribed one shilling?—The money necessary for the execution of any works

Mr. *Fawcett*—continued.

works of that description would be raised, of course, and the interest upon that money would be a charge upon the earnings of the line, and be deducted before the profits were divided. When that charge had been met, when the interest upon the whole of the capital which had been borrowed for the purpose had been paid, then no doubt the company would receive their fifth of the surplus profits divisible between themselves and the Government.

619. Therefore, I am correct in describing it shortly in this way, that this arrangement gives the shareholder a claim to one-fifth of the profits not only on the existing capital, but upon all capital which may be subsequently spent upon the line; that is to say, of the profits arising from capital which may be subsequently spent upon the line, as long as the arrangement continues in force?—No actual agreement is entered into with regard to that as to the future of the company. As I said before, whenever a question arises of raising new capital for the purpose of extending or completing the present line, it must be a matter of agreement with the company; the terms on which that capital is to be employed, and the result of its application to the line, are matters of discussion and agreement with the company.

620. But this raises a very important point; I want to know whether it is one of those points left as yet unsettled by the Secretary of State in the contract which has been arranged; as far as I understand, the evidence of the Chairman of the East Indian Railway Company, he says this, that whether the Government wish it or not, if they decide that it is necessary (supposing this arrangement is carried out) or desirable to spend additional capital in future on this line, they can only spend it on this condition, that one-fifth of the additional profits that may be earned on that capital must be given to the shareholders; that addition to this Bill is tacked on to the future spending of capital?—Could the honourable Member refer me to the clause in the Bill?

621. It was the interpretation of Mr. Crawford, the chairman of the company?—The understanding that I had of it was that any future division of that sort would be matter of a separate contract.

622. But I press the point because it seems to me that it affords evidence of the very great importance of having these contracts before us; because you seem to think it is a matter for future arrangement; as I understand, if I am correctly interpreting Mr. Crawford's evidence, he puts an entirely different meaning upon it, and he thinks that this right of the present shareholders to enjoy one-fifth of the profits not only attaches to the existing capital, but to all future capital that may be spent on this line; and therefore you will admit that it is a very important point?—That is a point, no doubt, on which a perfectly clear understanding must be arrived at.

623. And as far as you remember there is nothing in the Bill which would enable it to be determined one way or the other?—I was not aware of it; I should like to refer to the clause which covers it; I am not aware of any clause in the Bill on that point.

Mr. *Fawcett*—continued.

624. We might insert something in the contract to prevent it; but you do not think there is any clause in the Bill which gives the shareholders a right to one-fifth of the profits on all additional capital; you think it is a point to be determined by a future contract?—I cannot express a legal opinion as to the effect of the Bill; but I am certainly not aware of anything in the Bill which would carry that right.

Mr. *Muntz*.

625. From the whole of your evidence, presuming this Bill were to become law, what would be the advantage derived by the Indian Government by the Bill itself; what advantage do you suppose that the Indian people would gain by the passing of this Bill into law?—The advantage which has been contemplated as likely to accrue to the people of India, through the Government of India, is twofold; in the first place, it is believed that in future years the Government will derive from the railway a larger revenue than it hitherto has been able to receive under the terms of the existing contract; and in the next place, it has provided against a danger which was considered to be a very great one, namely, the possibility in the course of a further term, during which the company might have retained the rights which they have under their existing contract, of the Government finding itself at the end of that term obliged to pay a very much larger sum than that which it is now obliged to pay, in order to acquire possession of the line; in short, it is to protect themselves against a very heavy liability or a very heavy loss in the future, as well as to secure, as they hope, a larger revenue immediately.

626. Then, in fact, the advantage to the Government would depend upon the presumed increase of the value of the railway?—It would entirely depend upon that. If the Government had not believed that the line was likely to be an improving property, it would have been a very doubtful measure; the course they have taken would have been extremely doubtful; and unless the profit of the line exceed a certain sum, we had better have continued under our existing contract so far as the immediate future is concerned. With reference to the more distant future, it is of course a totally different question. There was, as I have already stated, a very great apprehension, in the mind of the Government of India particularly, that to allow this opportunity to slip would have been very short-sighted, and would have caused in future years very great regret.

627. Then, in fact, the only advantage to the Government of India of passing this Bill into law is, that it secures a certain property which they think may increase in value hereafter?—It amounts to that.

628. And it is a commercial speculation?—It is a commercial speculation, if you like to call it so; grounded not only upon speculative opinion, but also upon a very solid basis of experience.

Mr. *Hubbard*.

629. Mr. Fawcett inquired whether it seemed reasonable that the Railway Company should derive hereafter a share of profits resulting from

Sir *L. Mallet*, C.B., and Mr. *Cave-Browne*.

25 April 1879.

Mr. *Hubbard*—continued.

an outlay to which they did not contribute; I think you explained that by showing that any further outlay would have to be effected through the medium of capital, the interest upon which would be charged before any profits upon that addition to the plant or the railway could be reaped?—No doubt that is the case.

630. Is it not also a possibility, if not a probability, that in the event of the line being doubled, or some very necessary branches from the main line being made, as often happens in this country, those outlays, after being charged with interest at 4 per cent., may not only fail

Mr. *Hubbard*—continued.

to produce a profit, but may actually entail a loss upon what otherwise might have been the net earnings of the company?—That is clearly the case.

631. So that no one can reasonably say that the railway company have, in the future, a very great and unreasonable source of advantage in the proposition that they should have one-fifth of the net profits of the railway?—I think not; I think it is one of those arrangements which might very reasonably be come to with a view of providing a check in a certain sense to any unwise application of capital.

Tuesday, 20th May 1879.

MEMBERS PRESENT:

Mr. Campbell-Bannerman.	Mr. Hubbard.
Mr. Fawcett.	Mr. Muntz.
Mr. Grantham.	Sir Henry Peek.
Lord George Hamilton.	

LORD GEORGE HAMILTON, IN THE CHAIR.

The Most Honourable the Marquis of SALISBURY, attending by permission of the House of Lords; Examined.

Chairman.

632. I HAD, perhaps, better first explain to your Lordship the reason which influenced certain Members of the Committee in wishing to hear you as a Witness before this Committee: as, perhaps, your Lordship is aware, a Bill has been referred to us, by which the Secretary of State proposes to acquire possession of the East Indian Railway, and also to make arrangements for its future working; the whole or the greater part of these arrangements are contained in an Agreement which forms part of the preamble of the Bill; that Agreement appears to be the outcome of certain proceedings and negotiations which have occurred during the past two years, and which were initiated by your Lordship; the Committee were, therefore, anxious to hear what the grounds of public policy were which induced your Lordship to believe that it would be necessary for the Secretary of State to exercise the rights which, under the existing contract, would accrue to him at a certain period, by which he could acquire possession of the railroad, and also what arrangements were, in your opinion, necessary to ensure a continuance of the income from the East Indian Railway which had occurred in the past?—Of course I can only speak with reference to the general considerations which induced the Government to commence the proceedings for the acquisition of this railway. The details of the arrangement between the India Office and the company were concluded after my time, and I should not speak with any advantage upon them. We entertained a strong view that it was necessary in the interests of the Indian Government to acquire the East Indian Railway. Our grounds, shortly stated, were of two kinds: in the first place, it was a railway which of itself was increasing, with fair rapidity, in prosperity, and there seemed every prospect, according to the ordinary rules which have governed railway development, that in proportion as the railway came to be better known and more used, and population and cultivation increased in this neighbourhood, the profits from it would increase also. We did not feel justified in foregoing what certainly could not prove a loss, and what might prove an important source of revenue to the Indian Government. But there was another and a special ground leading

Chairman—continued.

to a similar conclusion. The Indian Government at its own expense has been constructing a considerable number of branch lines. There is the Indus Valley line. There is the line from Delhi and Agra to Ajmeer, and on through Ahmedabad to Bombay. There is the line into Tirhoot, over that populous country where the Behar famine raged, where I think the population attains the enormous figure of 900 to the square mile, and there are one or two other important railways. Now it is a fact generally known to all persons who have had to do with railways, that branches in themselves are very seldom remunerative. They may pay, they generally do pay, their working expenses. I think it is safe to say that they rarely pay, save in exceptional cases, the interest on the money employed to construct them. But the consideration which induces railways to construct them, and to construct them with hope of profit to themselves, is that they bring a very large amount of traffic, which is pure gain, upon the main line. The traffic which a branch line throws upon the main line, except as far as regards the mere wear and tear of material and the coal burnt, is all pure gain, because the rails are there, the buildings are there, the officials are there, and whether they are used more or less you do not pay more for them. Therefore the advantage which a branch line, if it is suitably constructed, brings to the main line is very great. But if we left the East Indian line in the hands of the company, and were ourselves constructing at the cost of the Indian revenue all these branch lines, we were really making to them a present for which we received no reimbursement at all. There was nothing either in considerations of justice to them or of public expediency which should induce us to pursue such a course. For the sake therefore of obtaining to the largest possible extent all the benefit which this extensive system of branch lines would bring to the East Indian Railway, we thought we were bound to take this opportunity, which would not recur again within this generation, of acquiring the railway for the State. I think your Lordship mentioned in the second instance the precautions which we thought it would be necessary to take, in order to insure, as far as it

Marquis of Salisbury. 20 May 1879.

Marquis of *Salisbury.*

20 May 1879.

Chairman—continued.

was in our power, that we should continue to earn from the railway, the main line itself, in the same proportion as we are earning now. I understand you to refer to the policy of maintaining the company in a limited form, with limited powers and limited profits, for the purpose of working the line. That conclusion was arrived at after a great deal of consideration certainly, but without any hesitation. There were several reasons which I may mention as having induced us to come to it. In the first place, there is the consideration which I should think must be present to the minds of all who have been concerned in Indian Government, that the Governor General in Council is at present bearing a weight with which it is scarcely within human force to deal, and that unnecessary additions to it are to be avoided. Of course these things are questions of degree. But when it is remembered that the whole of the public works must be subject to the approval and management of one Member of Council, that the whole of that department must also come under the review of another Member of Council, the Finance Member, and that for the actions of both the Governor General, in addition to all the other cares incident to the government of that vast empire, is responsible, it is easy to see that precautions tending to relieve the Governor General of any unnecessary labour are not out of place. The tendency of the Indian Government, which has often been remarked upon, to encourage to an extreme extent forms and paper work, are simply an indication that the power of personal supervision is failing, and that it is necessary to have recourse to mechanical means to supply it. This is a consideration of general policy which it is difficult in words to carry home to the minds of those that hear me, though I suspect that all who have given their attention to the subject will acknowledge that it is more important than any other. But there are two special reasons why we desired the management of this railway to remain in the hands of the private company: one was that it would be more economical, and the other was that it would be more efficient. The superior economy of employing private management upon commercial work is simply that it is not necessary in the long run to pay the men so highly. I do not mean to say that in the actual comparison of salaries there will always be much difference, though I suspect that even there the Indian Government is somewhat more expensive in its administration than a private company would be, but there are systems of furloughs, systems of leave, systems of pension, there are rights of promotion which the House of Commons is never backward to insist upon, there are all the incidents of vested right attaching to public service, which make public employment necessarily more expensive than commercial. More important even than this reason is, that the administrative machinery employed by a commercial company is more efficient than that employed by the State. This may seem at first sight a startling proposition to lay down. But it is necessary to remember that the servants of the State have a political value and are employed upon political duties, and probably for political efficiency they are unrivalled; but political efficiency is not wanted in the management of a railway. It is a totally different kind of efficiency, and for that purpose the peculiar machinery which the State employs is probably less suited. In the first place, the engineers who would have the main discharge of this sort of duty, have not that complete, minute, detailed, lifelong knowledge of all the circumstances of a railway which belongs to those who have done nothing else all their lives. And in the second place, there is this enormous difference between private employment and public employment, that if a man is not efficient, if he does not suit in private employment, you have simply to say to him, "Go, we prefer to employ somebody else in your place;" whereas, in public employment, you have to establish his inefficiency by proofs little short of those that would be required in a court of law. The practical difference is very great. I repeat, that in the political administration of the State, it is outweighed by the advantages you obtain from the class of persons you are enabled in that manner to employ, but none of those advantages are obtained in the management of a railway. I think I have gone through the main considerations. Of course, I should waste the time of the Committee indefinitely if I were to dwell upon them for any greater length, but I have indicated the main considerations which guided us in adopting the policy to which your Lordship has referred.

633. According to the terms of the contract, it would be necessary for the Secretary of State to acquire possession of the line by either the payment of a lump sum, the interest of which would be guaranteed upon the revenues of India, or by the payment of an annuity, which also would be guaranteed from the revenues of India. That would remain a certain charge for a fixed time; it therefore would be necessary, I assume, for the Government of India to make such arrangements by which they could, so far as human foresight could arrange, carry on the management of the company, so as to be certain of receiving a certain income to recoup them for the increased charge which they placed upon the revenues of India?—Yes, that would be so.

634. In your opinion, therefore, the most efficient means by which they could with certainty rely upon a large income from the East India railway was to continue the present management?—No doubt.

635. I assume, that as both parts of the arrangement hang together, that is to say, the acquisition of the line by the Secretary of State, and its future management by the present company, you would not have been indisposed, if you had been Secretary of State, to make some concession to the company with a view of securing their services as a managing authority for the future?—Certainly I should not; of course, it is a question of degree; I do not myself know the exact bargain that has been made, but I have no doubt that the general principle is correct, that it would have been wise to deal with them liberally.

636. I think I am assuming that your Lordship has given your evidence on your experience, not merely as Secretary of State, but also on the personal experience which you have derived from being connected with the management of English railways?—Necessarily, I could not separate the two in my own mind.

637. And therefore as the expediency of acquiring possession by the Secretary of State of the East India line must, in your opinion, hinge upon

Chairman—continued.

upon the continuance of the existing management, you would, as you before said, not be indisposed to make some concession, though what, of course, you could not state, unless the actual terms were before you?—Exactly so.

Mr. *Fawcett.*

638. I should be very sorry to trouble your Lordship with any unnecessary questions, and therefore I will ask you whether you were in any way whatever responsible for the money proposed to be paid for the purchase of this railway. When you left the India Office, had it been decided that the rate of interest current on the obligations of the Indian Government in England should be calculated at 4 *l.* 6 *s.* when the 4 per cents. stood at par?—My recollection of the matter is this—though as a good many things have passed through my mind since, I may possibly recollect imperfectly. When I left the office the leaning of my own mind was in favour of payment by the first plan, buying the shares up altogether with a sum of money paid down; but I understand that the state of the money market and certain payments which are in prospect next year have, in the judgment of the financial authorities, made that course unadvisable.

639. Assuming that it was desirable to purchase this railway, and assuming that it was desirable that if possible the advantages of private management should be continued, you are not, as I understand, in any way responsible as to the terms on which the annuity was calculated, whether it should be 4 *l.* 6 *s.* or 4½ *l.*?—We had not got so far as that.

640. You would prefer, of course, not expressing any opinion upon that point?—I should be wholly incompetent to do so. My opinion would not be worth listening to.

641. Were you in any way responsible for other provisions of this Bill, for instance, that when the management of the property after being acquired by the Government should be handed over to the company, a legal meeting of the company would be constituted if you could gather together shareholders who hold amongst them 50,000 *l.* of stock out of 32 millions?—Oh no. That must have been a detail adopted after the matter had got further than it had with me.

642. All you wish to express an opinion upon is this, that you thought it desirable that the line should be acquired by the Government, and that, if possible, the advantages of private management should be continued; but at the time you left the India Office the details of the bargain had not been considered by you, nor had you come to any decision as to whether it would be better to purchase it by paying down a lump sum, or by an annuity, although your own opinion inclined towards purchasing it by a lump sum?—I should say that certainly no decision had been come to. A good many calculations of the precise proportion which it would be desirable to pay to the working company had been submitted to and considered by us. I should be sorry to tax my memory to say what the exact proportion was, but my impression is that it was not very different from that which has been put in the present Bill. Of course, I am separating it from the question of buying up the company. That is a question on which we arrived at no decision, but the remuneration to be given to this new company, I think, was very similar to what has been put in this Bill.

Mr. *Fawcett*—continued.

Marquis of *Salisbury.*

20 May 1879.

643. You mean that they should have one-fifth of the surplus profits?—Precisely.

644. No decision whatever had been come to, and therefore, as I understand you, you have no responsibility; I want to separate the responsibility as far as possible, and to know where the responsibility ended. You have no responsibility whatever as to the rate of interest that was adopted in calculating the annuity to be paid?—No, because we had never got so far as to determine that an annuity should be paid. The inclination of my mind was in favour of a lump sum at that time.

645. And, again, you had no responsibility whatever as to departing from the terms of the contract to the extent of making 250,000 *l.* difference to the revenues of India, that when the price of the railway, according to the terms of the contract, was 124 *l.* 3 *s.*, they gave 125 *l.* for each 100 *l.* stock, thus throwing an additional charge on the revenues of India of 250,000 *l.*; I am not approving or condemning that now, but that was a detail which was not considered when you were in office?—That question had not arisen; it obviously could not arise until we had reached some approximate calculation of what the amount to be paid was.

646. That was after you left the India Office?—Yes.

647. You spoke just now of the fairly progressive returns of the Indian railways?—Yes, of this railway.

648. Are not any remarks which may be made as to railways considerably modified by what is stated in the Budget of the present year, and are not the opinions which have been expressed about the prospects of these railways to a considerable extent based on the exceptional returns of 1877 and 1878, because I find on referring to the 137th paragraph of the Budget statement of the present year it is said, "The returns from the railways during the year 1879-80, are estimated to show a falling off of 1,885,000 *l.*," and then they go on to remark that "with the single exception of the year 1873–74, this will give to the guaranteed railways a smaller net return than they ever yet earned"?—I do not think that that would modify the opinion that would be derived from looking over 10 or 12 years. Where there are events so startling as the famines in India you must be prepared for violent fluctuations, in one year in consequence of the profit on carrying grain, and in another year in consequence of the increased poverty of the people; I think, allowing for these fluctuations, I am justified in saying there has been a fairly progressive return.

649. There is another thing by which, as it appears to me, this unfavourable return has been brought about. They say one cause of this falling off of 1,885,000 *l.* on the guaranteed railways has been an increase in the working expenses and the cost of repairs. That is not an exceptional circumstance, may not that go on producing a prejudicial effect?—I have not looked at the figures, and I do not understand how an increase of working expenses could have arisen. The repairs are very often an accidental item. Occasionally the river changes its bed and sweeps away a station or a bridge, and that has a very serious effect on the returns of the year without

Marquis of *Salisbury.*

20 May 1879.

Mr. *Fawcett*—continued.

affecting the permanent prosperity of the railway.

650. Of course when you left the India Office the conditions of the management, if it were entrusted to a company, had not been entered into, for instance, as to what should be the qualification of directors, how many directors there should be, what their salaries, what control the Government should exercise over the purchase of stores; none of those things which will have to be filled up in this Bill had been considered, had they?—No, those would be matters of negotiation. Of course our object would have been to have kept down all the machinery of shareholders and directors to the lowest possible point consistent with the object of maintaining this very high-class commercial management.

651. I am very anxious to get at a correct idea of your opinion; as I understand your evidence, it is this: you approve of the principle, but you in no way are responsible for the pecuniary arrangements which have been adopted with regard to the purchase?—No, I am not. Perhaps I might say that if you had not behaved liberally to this East India Company you would have had to run them out. Assuming you maintained the idea of purchase you would have had to run them out and assume the railway for yourselves. I think you would have been exposed to all the evils which are familiar to persons who run out a farm insisting on the extreme exaction of all their rights from the tenant. They generally find that liberality pays best.

652. Still the original contract was certainly liberal enough to the company, was not it?—There are two ways of looking at it. Looking at it from the standpoint of our experience of course it was absurdly liberal, but you must remember that at that time much that is known now was not known, and probably the terms were the best that could be obtained if capital was to be raised and the necessary railway skill was to be acquired.

Mr. *Muntz.*

653. With regard to the general public policy of the purchase, I understood you to say that the principal, if not the sole object of the proposed purchase, was an anticipation of increased traffic on the line, and in order to assist the branch lines constructed by the Indian Government?—It was in order that the Indian Government might reap the benefit of the traffic brought on to the main line by these branch lines.

Mr. *Campbell-Bannerman.*

654. When you spoke of the expediency of giving liberal terms to the company, did I understand you to use the expression in a general sense; in the sense that this company deserves every consideration, and ought not to be, as it were, run into a corner in the transaction; or do you mean that in order to induce them to come into this arrangement by which they continue to have an interest in the line, better terms should in your opinion be given to them than those they were entitled to under the contract?—I did not mean that any consideration ought to be shown to them. That is a matter of feeling which I should not have ventured to put forward as a motive of policy. I do not think I should attach much importance to the ideas that are sometimes entertained, that they ought to be paid

Mr. *Campbell-Bannerman*—continued.

well as having been good public servants. My impression is that they have followed, in a very masterly and enlightened manner, their own interests, and that they require no reward for having done so. What I do say is that it was very much in the first place to our advantage to obtain their co-operation to manage the railway for the future, and it was also to our advantage that we should separate from them in peace and not in anger. If we had separated in anger they might have run down the railway, to use the expression applicable to a farm, and it is much more easy to run down a railway than it is to run down a farm.

655. Can you express any opinion as to the necessity of giving better terms to the company than an arrangement under the contract would have implied, without allowing the matter to run out, as you say?—If better terms have been given than the contract, properly interpreted, implied, I suppose it would be in order to induce them to come to an agreement, instead of each party taking its stand upon its absolute legal rights.

656. Have you gone sufficiently into it to have formed an opinion whether any inducement or bribe of that sort was necessary?—Decidedly. As far as I could see their frame of mind, they were quite resolved to fight for their own rights to the utmost, and might have made themselves exceedingly disagreeable.

657. You think that the conditions of the contract and the prospect of having one-fifth part of the future results of the company would not have been sufficient?—That is a condition of the contract. On that I should be sorry to express an opinion, for our negotiations had not gone sufficiently far. I prefer to confine myself to the general statement of the reasons why I thought liberality of treatment expedient in the interest of the Indian revenues.

658. In fact, your evidence stops altogether short of the question of the bargain which has been made?—Entirely, and necessarily.

Mr. *Grantham.*

659. As a practical man, does the knowledge that these shares on the market were at 132 before this arrangement was proposed, and that now, or soon afterwards, they dropped to 125, or under 125, show you that it would be the interest of the company to do all they could to prevent an arrangement being made with the Government for the purchase of the land. They were at 132, while it was supposed they would go on taking the half-surplus profits, and after this arrangement was proposed, and when it was supposed they would be purchased out by the Government, they dropped to something like 125?—I think it would be safe to say that that fall shows that, at all events, the company had not gained any great advantage over the Government. But it is necessary, in considering that fall, to remember that there has been a change from a permanent stock to a terminable stock, and that never sells so well in the market as the permanent stock.

Sir *Henry Peek.*

660. I suppose your Lordship also considered it would be very desirable that the railway should be in the hands of the Government for other reasons than pounds, shillings, and pence?—Of course,

Sir *Henry Peek*—continued.

course, there are strategical and political reasons which I thought it unnecessary to dwell upon, but which had their weight.

661. They had great weight?—They had their weight.

662. And probably had the main weight in the desire to acquire the railway?—I will not put it quite so high as that; I think the financial reason of itself was strong enough. There is no doubt the political and strategical reasons, which it is never desirable to go into at great length, had very great effect.

663. They had the main place in your Lordship's mind at the time?—Certainly, an important place.

Mr. *Hubbard.*

664. In dealing with this question, did the Indian Government conceive that they had merely a definite contract before them which was to be carried out and arranged with the East Indian Railway Company, or did they imagine that the circumstances and times so far prevented the practicability of that contract being literally enforced as to make it a matter of arrangement with parties who were really free agents in the matter?—There were some circumstances, undoubtedly, which made it very difficult to carry the contract out to its literal extent.

665. But still the contract was to be taken as the reasonable and fair basis of the arrangement, and one which might equitably dictate the main features of the ultimate arrangement?—I think so.

666. You expressed an opinion that it would be wise to deal liberally with the East Indian Railway Company in this matter, and I think you expressed since that liberally did not imply giving to them any undue advantage; are you acquainted with the precise arrangement, as it has been made, with the main points, I mean, which consist only of two, the one the price which is given to them of 125 *l.* per share, and the other the rate of interest of 4 *l.* 6 *s.* upon which the price was to be converted into an annuity?—I have read those arrangements, but I should be very sorry to express an opinion upon them, for I feel that without going carefully into calculations which I have not made, my opinion would not be worth having.

667. Are you acquainted, although it is not in your office now, with the last financial report sent from Calcutta, which has a very interesting Paper upon the purchase of the East Indian Railway, in which these expressions occur; although it may not be in your Department now, you may be able to say how far it expresses views which you probably would have responded to if you had still been in office. In this report they say this: "There is good reason to believe that on the whole the intention of the original parties to the contract has been substantially

Mr. *Hubbard*—continued.

fulfilled, and it is a cause of much satisfaction to the Government of India that this important transaction has been concluded without any breach of the friendly relations between the Government and the company;" as far as you can judge, in your present position, do you concur in the view which is expressed in that passage?—Yes; I think that that very generally expresses the correct view. My objection to a breach of friendly relations with the company would be, perhaps, more a business objection than a sentimental one, and it would arise from my belief that it would injure the railway very seriously.

Chairman.

668. There is one part of the arrangement on which I think you may be able to express an opinion; that is as regards the acquisition of that part of the line which runs from Jubbulpore to Allahabad; under the contract it would not have been possible for the Secretary of State to acquire possession of this for some three or four year. I believe part of your original proposal was to obtain, if possible, simultaneous possession of the branch lines as well as of the main line?—That was our object, no doubt. It would have been inconvenient that this bit between Jubbulpore and Allahabad should have been in the hands of a private company; the East Indian Railway in the hands of Government, and the Great Indian Peninsula in the hands of any private company.

669. You are aware that in any calculation by which the interest of the annuity would be estimated, the 5 per cent. stock which is redeemable next year would be included?—Yes.

670. And yet, notwithstanding this fact, you were prepared to recommend the acquisition of the Jubbulpore line at the same time as the Secretary of State for India acquired possession of the main line?—May I respond to the question by another? Are you certain you will be able to convert your 5 per cent. next year? If you do not, of course, the whole of the conditions of the problem are altered.

Mr. *Fawcett.*

671. In considering the anticipation of the purchase of the Jubbulpore line, did you consider the pecuniary loss it would be to India, merely looking upon it as a question of financial bargain?—As we had never got as far as the principle of the annuities, we clearly could not get to the calculation of the price that we should have to pay.

672. As with regard to the other part of your evidence, you were simply expressing an opinion as to the desirability of the general principle, and not as to whether it was worth while making any pecuniary sacrifice?—Precisely. We had not appraised the price which we were willing to pay for it.

Marquis of *Salisbury.*

20 May 1879.

The Right Honourable Lord Viscount CRANBROOK, attending by permission of the House of Lords; Examined.

Chairman.

673. YOUR Lordship has heard the evidence of the preceding Witness?—Yes.

674. And I assume that you concur generally in the grounds of public policy which he has laid down as actuating him in wishing to acquire possession of the East Indian Railway?—Yes, I

Chairman—continued.

accept them entirely. The purchase is wise in itself upon the grounds which Lord Salisbury has stated, and other grounds which occur to me also, perhaps of not so great importance, but still having great weight with me.

675. I assume that you made arrangements for

Viscount *Cranbrook.*

Viscount *Cranbrook.*

20 May 1879.

Chairman—continued.

for endeavouring to bring to a practical issue the negotiations which have been set on foot by Lord Salisbury?—Certainly.

676. Can you state to the Committee what the procedure at the Indian Office is before any great transaction of this kind would come before you as Secretary of State in Council for consideration?—It would of course have been considered by the Finance Committee. It had been practically before the Council, I think, before I came to the office at all. I think it had been examined by the Council before that as to the question of purchase.

677. Sir Louis Mallet gave us in his evidence to understand that he and certain other officials of the India Office had interviews with Mr. Crawford, that out of those interviews arose certain proposals, that those proposals were then submitted to the consideration of a Joint Committee, which I believe you nominated?—Yes. I did not quite understand you, I thought you were going much further back. There is no doubt there were negotiations took place between certain officials of the India Office and Mr. Crawford; I suppose private to a certain extent, and then when they had got to a certain point they practically became the negotiations of the Office itself when they had come nearly to terms. It must be remembered it was not done under the contract, and of course, as Lord Salisbury has himself stated, it was done as a bargain between two parties in a certain sense, irrespective of the contract, but taking no doubt the contract as the basis.

678. Those propositions were, I assume, submitted, according to the practice of the India Office, to a Committee of the Council?—Yes.

679. Before they came on to you for consideration, as Secretary of State in Council?—Quite so.

680. Was that a special Committee which was nominated?—Yes, we had a special Committee.

681. Including, I assume, certain members of thn Finance Committee?—Yes.

682. And they went carefully through the proposals by which you were to acquire possession of the East Indian Railway?—It was very carefully considered.

683. I assume that you agree with Lord Salisbury that you must connect the two different parts of the arrangement and that you cannot separate them; that in considering the terms by which you gained possession of the line, you cannot lose sight of the fact that by this arrangement you ensured the continuance of the existing management?—I thought that very important.

684. Because unless you could be certain of obtaining a certain income from the railroad, the acquisition of the line would financially have been a loss?—No doubt.

685. And for the reasons stated by Lord Salisbury, you did not wish that the responsibility of managing this great undertaking should be put upon the Government of India?—No, I thought it far better that there should be people commercially interested in its success, and persons who had shown good skill in its management up to that time, and who also were, to a great extent, a guarantee to us that they, as well as ourselves, felt a certainty of the progressive increase of the earnings of the railway.

686. The various details of the arrangement, I

Chairman—continued.

suppose, were carefully worked out by different officials at the India Office?—They were worked out by officials; I accept them, and of course, am responsible for them, but they were worked out by those who are much more conversant with financial matters than I was personally, who entered into the details in a manner which I could not myself, I admit, do.

687. The general impression at the India Office was, that although this arrangement was an anticipation of the contract, it fairly represented the terms embodied in the contract by which you could acquire possession by purchase?—Yes, I think so.

688. I do not know whether you wish to make any observations upon any details of the arrangement?—No, I think they would be much better spoken of by those who really made them, and who discussed them carefully, and went into those details in a manner which, as I say, I have not done. I have rather accepted, upon the authority of those who have done so, the greater part of those details.

689. Those details were, in the opinion of those in whom you had confidence, satisfactory, and likely to effect the object which you had in view?—I think so.

Mr. *Fawcett.*

690. As you say you accept in full the responsibility of these details, though they were prepared by others, and we could get more explicit information from them, would you be good enough to inform the Committee who, in your opinion, you think would give us the best information?—I think Sir Louis Mallet, who had the chief charge of it, would really give you the best information, and if there is any point on which he has not given evidence that is left in doubt on your mind, I am quite sure that he could supply it, because there is no part of the arrangement which has not been within his cognizance, and in fact, under his active superintendence.

691. I directed Sir Louis Mallet's attention to one very important part of the Bill, to which he did not seem, as far as I could judge, to have had his attention directed before, and that was this: what, after this railway has been transferred to a company, constitues a legal meeting? As far as I understand the Bill, a body of shareholders representing only 50,000 *l.* of stock will be able legally to exercise influence over property of the value of 32 millions?—I do not think that the fact that a certain number of persons form a quorum is really any objection at all, because everybody has the power of coming in, and everybody who takes a sufficient interest in the affairs of the company will be able to be represented and to be heard, and therefore, though, as a matter of fact, if there is business which does not excite any interest, a quorum is got together for the purpose of carrying it into effect, yet if there is business which is of importance anybody can take a part in it who is a member of the company.

692. I think in Clause 25 of the Bill you will see this: the man who holds an annuity of 1 *l.* a year, that is a holder of 20 *l.* stock, has a vote, and to get two votes you have to hold twenty times as much, that is a very unusual thing, I think, to insert in a Bill; who is responsible for that?—I cannot really put upon any person specially the responsibility of a particular clause in the Bill.

Mr. *Fawcett*—continued.

Bill. Of course in the broad sense of the word I am responsible for the Bill, but as to this detail, which is pointed out as objectionable, I cannot give any account of it.

693. I am not saying it is objectionable, but it is unusual, I think, so far as I have been able to discover, and I thought there was some reason why it must have been inserted; I asked Sir Louis Mallet, and he could not tell me?—This is the first instance, as far as I am aware, of anything like this company being formed. It is a company practically working a machine of five times the power of those who have the interest. They have an interest only in a fifth of it, and I think it very likely that the plan which is adopted of working it, which of course has been carefully considered both with the old representatives of the company and with the India Office, would be drawn upon a different footing from what it would be if it were a railway company in the ordinary sense of the term.

694. As the Secretary of State acts in all questions of finance, and this is one, not simply as a Secretary of State, but Secretary of State in Council, of course the Council are responsible; was not this Bill submitted to some Committee of the Council?—Yes, certainly; there has been a special Committee sitting.

695. Of course Sir Louis Mallet is not a Member of the Council, and they would be more directly responsible than Sir Louis Mallet for it, because it is done in their name really; it is not done in his name?—In details of this sort I have not the least doubt that they were accepted practically upon the responsibility of those who made them, as an arrangement which seemed likely to work beneficially.

696. What I want to find out is, were there any members of the Council of the Secretary of State to whom this arrangement was particularly entrusted, and from whom we could get evidence; if so, whom do you recommend us to call who was most concerned?—At this moment I do not know that any particular Member of the Council, more than another, could be called on this point.

697. As far as I understand one very important particular, no provision is made for this circumstance; supposing this Bill is carried out, as I understand the evidence of the chairman of the company, he said that the existing shareholders who came under the arrangement proposed in this Bill would undoubtedly have a right to a share of all additional capital which might be spent by this company, and the profits realised in this company; Sir Louis Mallet, when I examined him, seemed never to have considered the point, and therefore that very important thing has not been provided for?—As to capital which is found by the Government.

698. No, I mean this: suppose it were decided, for instance, after the Government became possessors of this company, to spend an additional 10 millions, which would be Government money; that 10 millions probably would not be spent unless the Government thought it would be a judicious investment; suppose profits were realised upon that expenditure of more than 5 per cent., would the existing shareholders be entitled to a share of the profits which were realised on a capital to which they have not subscribed a farthing?—It seems a large assumption, but assuming that capital was laid out so injudiciously by the Government as not to provide for their getting the return for it themselves, if they were to spend it upon the East Indian line, as it is vested for the time being, or a fifth of it, in this company, I assume any profits that arise from it the company would get their fifth share of.

Viscount *Cranbrook.*

20 May 1879.

699. Then this arrangement not only gives the company a claim to one-fifth of the profits on the existing capital, but to one-fifth of the profits realised on any additional capital?—Yes, but I think you are assuming that the Government would lay out capital in that way without making such a provision as would secure them against any undue deduction from what they had a right to receive upon it.

700. It seems to me a point which ought to be cleared up beforehand, or else you may get into an awkward dispute; suppose the company were to spend capital and the shareholders claimed one-fifth of the profits, and the Government says, "We never contemplated that; you have nothing to do with this capital; if we spend it we shall have all the profits," certainly that is a case which ought in one way or another to be provided for; if you are going to give another body a claim to a certain share of profits, you ought to define beforehand whether that share of profits attaches to the existing capital or to any future possible increase of capital?—As it stands, I understand it to apply to the existing capital. If there should be the necessity of raising money, the terms upon which it will be raised and spent, I suppose, will be settled with the company.

701. I see many things, with regard to the future management of this company, are to be provided for by contracts to be subsequently arranged; shall we have an opportunity of seeing these contracts shortly before we have to consider the passing of this Bill; are they in that state of preparation?—I cannot say that there are any contracts that I am aware of that would be brought before the Committee.

702. For instance, we shall not know, when we are called upon to pass this Bill, what are the contracts which may be entered into between the Government and the Secretary of State, as to the future management of this Company, because it is not contained in the Bill; you cannot find it out from the Bill?—The Company will practically manage the line under the arrangements, which no doubt may be varied, to some extent, between them and the Government.

703. But this arrangement which may be entered into as to the future management of this line, with regard, for instance, to the control which the Government will exercise over the purchase of stores, with regard to the remuneration of directors, the number of directors, and all those things which we know nothing whatever of, we shall not have an opportunity of seeing?—I should suppose not. It seems to me that they are quite, if I may say so, out of the province of the Committee. The Committee is to ascertain, as I understand it, whether or not it is a right thing that this Bill should pass, which would enable the Government and the Company to enter into the arrangement generally. The details of the management between them, I presume, would be left to the self-interest of the Government as well as of the parties in it. The Government has the object of getting as much as possible from the railway, while leaving a just share to those who have the management of it.

Viscount *Cranbrook.*

20 May 1879.

Mr. *Fawcett*—continued.

704. Still we are called upon in passing this Bill to express an opinion on the expediency of a particular arrangement, and the details of that arrangement. If we do not see these contracts now we shall not have an opportunity of seeing them, and, therefore, we cannot judge of them. We are simply called upon to decide upon general principles?—That is what is before the Committee. The other portion it seems to me is a matter for detailed arrangement, which would involve a Committee in very large inquiries without really bringing them nearer to the conclusion.

705. With regard to the terms of purchase of this railway, do I understand that the rate of interest, 4 *l.* 6 *s.*, on which the proposed annuity is based, was the legal interpretation which was put upon the rate of interest as mentioned in the contract, or are the Committee to understand that 4 *l.* 6 *s.* was a part of the liberal arrangement which we have been told the Government entered into with this company in order to secure the management?—As I understand it there was a calculation made upon the basis of the contract both by the company and by the India Office, and they arrived if not at the same figure, so closely at the same figure, that there was perfect satisfaction expressed as to its representing what really was the fair basis. If I am asked as to the actuarial calculations, I am bound to say that I accepted these calculations which were made very carefully in the office, and for which, of course, the actuaries and those who made them were responsible. I believe that if that contract is capable of an interpretation without ambiguity, which I have some doubt about, but still, taking it as it stands, I believe they did take the right view of the meaning of the contract, and that it was a fair calculation which they deduced from it, assuming the actuarial calculation to be correct, which I have done.

706. Of course arriving at the same results simply depends upon this: they adopted the same method of calculating, and, therefore, unless they made an extraordinary arithmetical blunder, which a schoolboy would scarcely make, they must arrive at the same result?—That is quite true. It shows this, at all events, that both parties put the same interpretation on the contract, and that, therefore, they arrived at the same conclusion. That is what I wanted to imply.

707. They simply adopted the same method?—Yes.

708. You have the power of purchasing these other lines, and it gives you an opportunity, if you put this interpretation on the contract which you have done there, of really obtaining these lines at what everyone would admit would be a very unfair price to the companies; because, for instance, suppose in the loan which you contemplate to raise, instead of raising a 4 per cent. loan at par, you did what some financial authorities have suggested, raised a 3 per cent. loan at 75, which would come to practically the same thing; by simply adopting that different method of account, you would reduce the rate of interest from 4 *l.* 6 *s.* for the next railway you purchased, to considerably below 4 *l.*, and you would then manifestly pay less for the railway than was equitably contemplated, and this you could do by putting the exact interpretation on the clause which you and the company have put?—If a step such as that were taken with the view of buying railways cheap, I think it would be a very discreditable transaction, but the question is whether you are to go into the money market upon the most advantageous terms that you can find, and that I think was meant. I am bound to say, if you ask me about the contract, I think the contract extremely ill-drawn, and it is a great pity that it was put in terms which should be in the least ambiguous; but there it is, and we are obliged to make the best of it, and so also with the other railways, we shall have to act upon the contracts that have been made with them to the best of our ability. My own impression upon this contract is that if it had run out, the difficulties of acting under it would have been almost insuperable, and that that was one of the great reasons why it was most desirable to come to a conclusion at once and bargain with the company. In bargaining, when you come to a bargain, it is a question of give and take, to a certain extent, so long as you can do so with justice, and I cannot say that in my opinion the company has got any undue advantage. That is shown, I think, by the price of the shares. The company's shares being at a certain price through all these transactions, seems to me to imply that they get neither more nor less than is fair.

709. But that is not a conclusive test, because the investing public may place a price upon what they consider to be the bargain they get out of the Government. You speak of give and take; could you point me to anything, reading it as a financial transaction, in which the Government of India has not given something, and where has the company given anything on the other hand?—In the first place the company, coming to an arrangement with us before the time, with the power which they would have had of, to a certain extent, putting the screw upon us, and seeing that we could not act under it, and also taking the Jubbulpore line four years before the time, so as to give us complete control, in that way I think they gave something to a certain extent, and assisted us in coming to a conclusion.

710. I am not supposing that you raised a 3 per cent. loan in order to injure the railways, but suppose, for financial reasons which I need not enter into (it has been suggested by some high financial authorities), it would be desirable to raise a 3 per cent. loan instead of 4; suppose you did that, if you followed what you say you consider to be the legal interpretation of the contract now, you would be bound in all future purchases of these railways to bring out the rate of interest considerably below 4 per cent. I simply mention that to show that the interpretation which you have put on the terms of the contract cannot have been the one that was intended?—What people intended we really cannot say. I quite admit they have not expressed their intentions in such a way that I can be perfectly certain of what they were. Suppose the occurrence to take place which you have suggested, and that the contract was in the same shape as this contract, and therefore might lead, as you say, to cruel consequences to these railways; the thing to do would be, as we have done in this instance, to bargain beforehand and settle with them upon equitable terms.

711. If you contend that, considering all the circumstances of the case, 4 *l.* 6 *s.* was a fair and equitable rate of interest to pay, of course, it seems

Mr. *Fawcett*—continued.

seems to me, it can be argued from that point of view; but as I understand that rate of interest of 4 *l.* 6 *s.* has been arrived at by placing what you consider is the interpretation which ought to be placed on this contract. Therefore as all the other contracts, I believe, contain practically the same words, it may bind all the other purchases in calculating the rate of interest?—It cannot bind them, because it was not done upon the contract. We chose to accept a particular form, and the company was ready to adopt that interpretation the same as ourselves. But suppose the other companies should dispute that interpretation, or should say that it would act very unfairly, it would then be a ground for their bargaining in a different manner from what this company has done.

712. Do you think you were bound to consult the Governor and the Deputy Governor of the Bank of England?—Not as to their decision in any way. I take it that the Governor and Deputy Governor of the Bank of England are put there simply as persons who are acquainted with the ordinary course of the money market, and you refer to them as authoritative persons upon this subject, but not to decide. They are simply there to say what has been a particular rate of interest during a certain period, and they have records which enable them to do it. That is the reason they are put forward; not as arbitrators in any sense of the word.

713. Do not you think that simply to get information, by the terms of this contract, they ought to have been referred to?—No certainly not, when you are only using the contract as a guide. If you were using it as the contract itself, of course they would have been referred to, but you could not have referred to them because the circumstances had not happened which were to enable them to give their judgment as to what the rate of interest had been. It could not have been done until the 31st December in this year, and the contract makes the impossible condition that you take possession of the railway on the 1st of January in the next.

714. Why is that impossible?—It seems to me that you could not possibly get hold of the Governor and Deputy Governor of the Bank of England the last thing at night on the 31st of December, and make your arrangement as to what you were to do the next morning.

715. You could ascertain from them, if they are to be referred to, on what principle this interest should be calculated?—I do not think they had anything to do with the question of principle. They had nothing to do with anything but the fact. They had to see what was the rate of interest on obligations of the East Indian Company in London. It was a simple piece of inquiry. They were taken as the referees, as being at the head of the monetary world.

716. Have not they been applied to in an unofficial sense?—I believe they have been spoken to.

717. Have they furnished those returns?—We have not any returns, nor have I seen any from the Governor or Deputy Governor.

718. When you say "communicated with," were they communicated with by some people connected with the India Office?—Only in conversation, as I understand. They have been met and talked to about this, and that is all I know

Mr. *Fawcett*—continued.

about it. They have never been called in in any sense.

719. They have expressed an opinion, have not they, whatever it may be worth, as to what rate of interest should have been paid under this clause?—I cannot say. I should be sorry to repeat a mere hearsay account of what has been said either by one or the other. I believe there are as many opinions almost as there are words in the latter part of that contract as to the exact meaning of it, but that is a question by the way. I do not think they had anything to do with interpretation.

720. Then, again, paying for this railway 125 *l.*, instead of the price, according to the contract, of 124 *l.* 3 *s.*; that was a part of the general arrangement to get the company to come in?—Yes; I think it was not an unreasonable arrangement. I think it was liberal, but I do not think it was at all extravagant.

721. Do you consider there is any difficulty in the way of securing management; as I understand, up to the present time nearly half the capital which has been spent upon this railway has been raised in England, and therefore, having a board of directors here, you had a Board on the spot to administer a very considerable portion of the whole expenditure, but you will now have a Board administering an expenditure which is going on thousands of miles away from where they are?—I presume they will conduct it very much in the same way as they have done before. I do not anticipate that they, undertaking it, would suppose that there was anything beyond their reach under the circumstances of their representing a one-fifth, than what there was when they represented the whole.

722. As a matter of fact, of course as this railway has been to a great extent completed, and during its completion a large portion of the expenditure was going on in this country (I think 45 per cent. is shown), there was this advantage in having the board of management in London instead of in India, that you had a Board on the spot where a considerable portion of the expenditure was being carried on; but if the capital account has been to a great extent closed, you will have a Board thousands of miles away from where the chief part of the expenditure is being carried on?—The ground on which the London Board was preferred was not only the general one of the advantage of commercial management, but the special one of the extremely good management of the Railway by this Board in London; it was not because it managed the financial affairs in London, but because the management of the railway itself, and the way in which it was conducted, and the success of it, showed us that it was in good hands, and it was very desirable to keep it there.

723. Did that good management to which you refer exist when the company had not acting upon them, as it were, the powerful feeling of self-interest; the management of the company was not good up to 1869, was it?—I really cannot go into that detail; I have no means of knowing; but I know that taking the management of the company as a whole, everybody has informed me who has been connected with the subject, that it has been so extremely good, and, in fact, it has been so admittedly good, that that was one of the great elements which caused the determination, if possible, to secure the same management in the future.

724. Has

Viscount *Cranbrook.*

20 May 1879.

Viscount *Cranbrook.*

20 May 1879.

Mr. *Fawcett*—continued.

724. Has your attention ever been called to certain official statements which were made on the responsibility of the Governor General of India, Lord Mayo, and of his Council, as to the great waste that there was on this line in its construction?—I do not recall the exact time at which that was said.

725. In 1869?—There was an expression of opinion that there had been a too great outlay upon it.

726. But more than that, great waste and extravagance?—No, I do not remember that.

727. I would recall your attention to it, and I will ask you, if you will look at it, whether you think there could be stronger language. If you look at that you will see the management has not been uniformly good, at any rate?—"The East Indian Railway cost far more, if not twice as much, as it ought to have cost; enormous sums were lavished, and the contractors had no motive whatever for economy; all the money came from the English capitalist, and so long as he was guaranteed 5 per cent. on the revenues of India it was immaterial to him whether the funds that he lent were thrown into the Hooghly, or converted into bricks and mortar."

728. That is Mr. Massey's evidence. There is a quotation afterwards from Lord Mayo?—"In a despatch from Lord Mayo, and the other members in the Indian Government, dated 11th March 1869, he says, speaking of the general subject (the operation of the railways in India): 'On this important question we cannot do better than follow the general scope of Sir John Lawrence's argument;' and then he quotes the following words from Sir John Lawrence: 'The history of the actual operations of railway companies in India gives illustrations of management as bad and extravagant as anything that the strongest opponent of Government agency could suggest as likely to result from that system.' After quoting these lines from Sir John Lawrence, he says, 'We assent to these views, and to the arguments on which they are based. The signers of this despatch are Lord Mayo, W. H. Mansfield (afterwards Lord Sandhurst), G. N. Taylor, H. M. Durand, H. S. Maine, John Strachey, R. Temple." I do not think that alters the opinion which I expressed, that the extravagance was in the outlay upon the railway, and, of course, where you have a guarantee of 5 per cent. without very strict supervision upon what is expended, the tendency would be, no doubt, to increase the outlay with a view of getting 5 per cent. upon it, or at least to be careless on the subject.

729. Does not it show that as long as you have not, as I used the expression, a feeling of self-interest, you have this, what you say yourself is extravagance and carelessness; as long as the feeling of self-interest comes in to prevent it, you have a security against that?—Yes, but I cannot conceive a stronger self-interest than this fifth will have to raise their dividends.

730. As long as the railway pays; but supposing the decline which is noticed in this year's Budget on the Indian Railways should continue, and supposing a feeling should spread that the railways do not pay, then there will be no more motive for activity and carefulness than there was before 1869; the whole thing depends on the railway company being prosperous and the shareholders obtaining some extra profits?—Well, of course, if I am to assume that the railway does not pay I must come to different conclusions; I should then have not entered into this arrangement at all; but my conviction is, that this great arterial line has begun to pay in a way that, taking the average of years, it is perfectly certain to increase in payment. Besides that, what the Marquis of Salisbury has spoken of, the additional numbers of branch lines which will be continually feeding it, must inevitably tend to bring upon it a larger amount of traffic and larger returns. I quite admit that there will be exceptional years of depression. There are in England, but it would be absurd for me to suppose that the London and North Western would cease to be an advantageous line altogether because it has, in a period of great commercial depression, not so large a return as it had in other years.

731. No one, as far as I have been able to discover, even anticipated or thought it was possible that the guaranteed railways would show such a falling off in their returns as it is stated in the Budget is expected during the present year?—Well I confess I am not surprised. India has gone through a series of calamities which have no doubt depressed her trade, and prevented, to a great extent, the moving to and fro which there would otherwise have been on the railways, and it is so exceptional that though there might be a great falling off this year, we should not in the least think it an indication of what was the natural tendency of these railway lines. Some of them I daresay never will pay very highly, but this is a special railway which I feel certain, as certain as I can be of anything human, will pay largely.

732. I think I may draw this general conclusion from your evidence: the advantages which are attributed to the management depend a good deal on the assumption that it will pay?—Certainly, the assumption that it will pay is at the foundation of the purchase. If we had thought that it would not pay of course we should have left it in the hands of the company, though there might have been great disadvantages. I would just call attention to one subject which I think Lord Salisbury did not mention. Supposing this railway to pay very well for a certain number of years, and to pay off the money we have advanced, it would go on then without giving us anything. We should not get the slightest return from it at all, and, therefore, there is a great inducement for us to take it into our hands at this moment in order that we may secure, during the whole period for which otherwise it might have run in other hands without giving us anything, a fair return upon the great outlay which we have made and the guarantee we have given.

733. There would be almost the greater reason why the Government should have bought it if it did not pay than if it did pay. If it did not pay you would still have been bound to pay your 5 per cent. You would be paying 5 per cent. to make up the deficiency to a line from which every motive of good management was gone. Therefore, supposing the line did not pay, there would be quite as strong an inducement, on financial grounds, for the Government to take it, considering they had a perpetual guarantee of 5 per cent.?—At a certain time it must have come into our hands. The answer to your question

Mr. *Fawcett*—continued.

question is dependent on the money markets, whether you can raise your money on such reasonable terms, or on so large a scale, as to make it more advantageous for you, under those circumstances, to do it. It might be so, or it might not.

734. Looking upon it as a financial transaction, have you calculated the difference between purchasing this railway by a lump sum and paying an annuity. Suppose the raising of this loan affected the rate of interest considerably, we will say a quarter per cent. If you bought it and had to borrow the money at 4¼ per cent., I reckon it would cost the revenues of India something like two millions less than you are going to pay for it?—I have not made that calculation.

735. The calculation is very simple, and you will see it at once. I suppose you could have borrowed the money at 4 per cent. You would then have had to have paid on 125 *l.*, 5 *l.* a year. With a sinking fund of 6 *s.* you would have been able to recoup yourself the loan at the end of 75 years; you would have had to pay an annuity of 5 *l.* 6 *s.* a year for 75 years instead of what you are going to pay, 5 *l.* 12 *s.* 6 *d.*, and the difference in the annual payment of 6 *s.* 6 *d.* on this large sum represents more than two and a-half millions?—Yes, I daresay that is an accurate calculation arithmetically.

Chairman.

736. That is assuming you could raise thirty-two millions at 4 per cent.?—Yes.

Mr. *Fawcett.*

737. It is obvious there would have been a considerable saving if it had been raised at 4¼ per cent.?—Yes.

738. What was the reason that induced them to accede on the annuity instead of the loan. Was it simply on the ground that it affected the money market?—On financial grounds. Those who were most acquainted with it were of opinion that a large loan this year, and so large a loan as would be necessary next year, for the purpose of paying off seventeen millions, would have disturbed the money market so much that it would have been very disadvantageous to us to attempt it.

Mr. *Muntz.*

739. Mr. Fawcett put a question to you as to additional capital that might be required, and as to whether the shareholders of the new company would have a right to their fifth of the surplus profits beyond 5 per cent. I think that is understood in the agreement, is it not, or was it doubtful in your mind?—I have not considered the question of, if the Government advanced money without any conditions, what arrangements would be made about it; but I said I assume that supposing it were to be spent without conditions upon the line, of course they would get the advantage of the profit upon it.

740. Would you see any justifiable grounds why they should have that profit upon the additional capital, supposing it were laid out?—These things are all put upon assumptions which I do not think are in the least likely to happen. An outlay of ten millions upon the line is like making a new line, and the Government would have it in its own hands to make conditions. Therefore I assume that if the Government were going to lay out money without calling upon this company to raise any part of it, they would take very good care that they secured to themselves the profit upon that.

Mr. *Muntz*—continued.

741. Do you see any objection to a clause in the Act providing for such an emergency?—I think you may very safely leave the Government to take care of itself with regard to such matters as that.

742. As to the purchase, as I understand your answer to the Chairman, the purchase is not made on the contract, but merely taking the contract as the basis of the purchase?—Yes, and as a guide.

743. So that the provisions of the contract have not been strictly adhered to?—No.

744. Had they been strictly adhered to, according to the 20th clause, at the end of the 99 years there would have been no payment whatever to the company?—In a sense; but you must remember that the company has the power of forcing the purchase upon you up to the end of the 99th year; and I think very little of a company that would allow itself to sink out of existence for nothing when it could get paid.

745. In that case they would only have been able to enforce the 100 *l.* instead of 125 *l.*?—That is true. Then you would have had to make a very large payment.

746. At the rate of 100 *l.* instead of 125 *l.*?—Yes.

747. In the meantime you are only liable for the 5 per cent. guaranteed by the Indian Government?—Yes; but in the meantime now we are to get four-fifths of the profits, which I believe are very increasing profits.

748. That is rather a commercial speculation, is it not?—Yes. I suppose the Government of India in those times made this arrangement with a view to taking advantage of these commercial speculations if they thought they could get money out of them.

Mr. *Campbell-Bannerman.*

749. As to the question of additional capital expenditure: take the case, for instance, which Lord Salisbury has alluded to of making branches; supposing the Government think it desirable to make a branch which, as we have been very truly told to-day, is a costly thing in itself, but increases the profits on the line; the capital expended upon that branch would be a charge upon the Government?—Yes.

750. But the one-fifth shareholders would get the full advantage of the increased prosperity of the line?—Yes; I think in that case they certainly would. Mr. Fawcett put it to me as to expenditure upon the line itself.

751. This is the development of the line?—In a sense it is, but then the Government would think it worth its while to incur expenditure on a branch line with a view to secure the four-fifths of the profits that it brought on to the main line, and of course this company would get that advantage; but you must always remember that this is not a permanent agreement which they are entering into with the company, and if conditions should change in the course of a certain number of years, you then have the power of giving them notice and making a new arrangement.

752. In the meantime, however, on the principle (which we are told is of some value) of *beati possidentes*, they would be in the happy position of having

Viscount *Cranbrook.*

20 May 1879.

Mr. *Campbell-Bannerman*—continued.

having this arrangement, and it might be difficult for the Government to disturb them?—Yes, there is no doubt there would be inconvenience and difficulty, but if it were a thing that really weighed against the Government, the Government would meet those difficulties and inconveniences in justice to themselves and in justice to the people of India, who are to get the benefit of whatever accrues of the four-fifths.

753. I understand that it is quite acknowledged that the bargain was made practically independently of the contract?—Certainly, the contract being treated as a sort of general basis; and the company being ready to come in with their Jubbulpore line, and in every way to facilitate these negotiations, we did it in a friendly manner instead of an adverse manner, which we might have been driven into, and with the greatest possible difficulties under the contract itself.

754. It is also acknowledged that better terms are given to them in several respects; that where a doubt exists the benefit of the doubt, to put it even in that mild way, is given to them as an inducement to them to enter into this new arrangement?—I do not think that the thing was considered in that way at all. What really happened was this: the two parties met by representatives, and they discussed the matter among themselves. There was the question, which, of course, the chairman of the company would have to submit to his shareholders, whether he had their authority to accept certain terms. It was therefore, of course, to a certain extent necessary that where you were bargaining, and not having power to enforce anything, that the terms should be of such a character as the shareholders would be likely at once to accept, and they did accept them; and it seems to me that all that has passed about this tends to show that nothing excessive was given, but that it was a fair bargain.

755. "Excessive" is a word involving a matter of opinion. Undoubtedly it was excessive in this sense, as being in excess of the contract terms in one or two particulars?—It depends upon the interpretation.

756. The 125 *l.*, for instance?—That appears upon the calculations to be rather more than they would have got by the specific terms; but as to the annuity, I am not at all sure that under the contract that was not the meaning of it. On the contrary, I think, on the whole, it was.

757. Is there not, at all events, a little apparent inconsistency in the assumption, that receiving one-fifth of the profit was not in itself a sufficient inducement for them to continue their connection with the line, and yet at the same time that one-fifth is a sufficient substantial interest to ensure their employing every effort in the management?—Yes; but if you remember, under the old circumstances they had the whole of the capital, and they have now, you may say, almost as great an interest upon their smaller capital as they had before. They will get a great deal if this line answers, as is supposed; they have the guarantee for ever, and to a certain extent, they will be very well paid.

758. As I understand, it has not yet been settled what representation the Government is to have on the Board of Directors?—Not absolutely.

759. It will, of course, be a larger representation than before?—Yes; I should assume it would be rather more representative, but really it will

Mr. *Campbell-Bannerman*—continued.

be, I presume, through the definite arrangements, which will be laid down principally in writing, that you will have control.

760. Shall we not know that before we proceed to consider the Bill?—My impression is that that is not a question as to the Bill. The question really is, whether you assent to the Government of India taking the railway generally upon those terms, and then arranging for the management of it, subject to the general principle upon which this is fixed, namely, as to the payment.

761. Do not these contracts, as they are called, in some respects involve points which enter into the question of the terms?—I should not have said so; I think they are details; the main point is, that the company will manage; that the company will get a certain profit, and that they will be under the general control of the Government under such arrangements as shall be made by the Government with them outside.

Mr. *Grantham.*

762. A great many questions have been asked you as to the right of the company to participate in the future profits on future capital that is expended. Does not sub-section 3 of clause 22, specially refer to that, and give the right to the Government to make further arrangements as it may think desirable?—This refers to capital raised by the company. The question Mr. Fawcett put to me was as to money found by the Government. This sub-section is as to the raising of money by the company, which is a totally different thing.

763. Surely it is a matter for the Government to determine as to whether they will raise the money, or whether the company shall raise the money. If the Government find it more desirable that the company should raise the money under this section; and by this section, they have the power to determine whether the company shall participate in the profits or not, they can do so?—As I understand this section, there is a power to conclude with the Secretary of State contracts for the following purposes, and under sub-section E., the contract which the company may make with the Secretary of State is, with respect to the raising of fresh capital, that is by themselves, and the terms upon which they shall do it, whether with or without the guarantee of the Secretary of State, and whether with or without the right to participate in profits, and so on. That is not what Mr. Fawcett asked me, but it was assuming the Government of India to find the money themselves and spend it upon the line, whether in that case the company would necessarily have a share in the profits. My opinion is, that that would be a question for the Government to settle with the company when they were arranging how the money should be raised.

764. If you look at sub-section D., the immediately preceding section, it seems that those who prepared this Bill assumed that the railway would be enlarged or improved by capital raised in that way; it is for "the improving and enlarging the undertaking of the company; the constructing deviation or auxiliary railways and other works connected therewith; the constructing new railways in India, and the working, managing, and maintaining as well of such railways as any railways in India constructed or to be constructed by the Secretary of State, or by any

Mr. *Grantham*—continued.

any other persons or companies;" then comes sub-section E., which states that the Government are to have the right to settle whether the company shall participate in the profits of the future capital which they raise; does not that show that the Government have the entire control?—No, I take it the question there is as to the company raising the capital; whether the Secretary of State shall participate in the profits on their capital. Sub-section E. is that whenever money is raised by the company, the Secretary of State shall agree with them as to the terms and conditions upon which it shall be employed.

765. In fact, it is all open to contract?—Yes, certainly; and that is what I assume would be the case in the other event.

766. Do you not think it is desirable that a power should be left in the hands of the Government for the time being, to make such arrangements as to the Government may seem desirable?—Certainly.

767. Do you think it possible that any Committee, or any one now arranging as to the existing terms, could arrange terms satisfactory for all time in the future?—No; I think they must leave it to the interests of the two parties.

768. With regard to the effect of this arrangement on the future company that is to be constituted, Mr. Fawcett has put it to you that as in the past they were extravagant when they had a guarantee of 5 per cent., are they not likely to be extravagant in the future when they have a guarantee still subsisting; is that correct? Under this arrangement, as far as I understand it, that 5 per cent guarantee is at an end?—Yes.

769. And consequently, the future company, which is entitled to one-fifth of the surplus profits, will only be entitled to a fixed 4 per cent., and will trust entirely for the profit above that to its management of the line?—Yes.

770. Therefore it loses 10 *s.* per cent. as compared with the other shareholders who do not form the new company; they got a fixed 4 *l.* 10 *s.*, whereas the new company only gets 4 *l.*, and therefore it will be directly to their interest to manage the line properly?—They have a very large interest in working the line profitably.

771. With reference to the future capital that may be raised even by the Government, the new company would only get one-fifth of the surplus profit after paying the whole of the interest which would have to be paid for the new capital?—Just so.

772. It is not that they would get a share of the profits on the capital in the first instance; the whole of the interest of 4 per cent. or 5 per cent. would have to be paid first of all, and they would only get their share of the surplus profits?—Yes.

773. With reference to the question put by Mr. Muntz as to the end of the term of 99 years, you think it is desirable that the Government should buy now at 125 *l.*, rather than wait for 75 years for the purpose of buying at 100 *l.*?—Certainly I do; that was fully taken into consideration.

Mr. *Grantham*—continued.

Viscount *Cranbrook*.

20 May 1879.

Sir *Henry Peek*.

774. I will ask you the same question as I asked Lord Salisbury: you are perfectly satisfied that on every public ground it is desirable that the state should take this, the first opportunity, to acquire the property?—Certainly.

775. And you believe that no contract could have been carried out strictly on the black and white lines of the preceding contracts?—It would have been extremely difficult.

776. Impossible, do you think?—Almost impossible.

Mr. *Hubbard*.

777. The financial statement which has been transmitted to this country from Calcutta, dated March last, contains a statement of the rate of interest payable on the whole debt of India during the last two years, that is to say 4·45 for the last year, and the year before that 4·53, making together 8·98, or, upon an average, 4·49, as nearly as possible 4½ per cent.?—Yes.

778. We learn from the telegrams (for I believe the full information has not yet come) that a loan of four or five krores of rupees has recently been made in Calcutta, that it was contracted on 4½ per cent. stock at 94 *l.*, which therefore makes a rate of interest of, as nearly as possible, 4¾ per cent.?—Yes.

779. In the face of those pieces of information with reference to the actual interest of the debt of India, does it not appear that 4 *l.* 6 *s.*, taken as the rate at which the annuity is to be calculated in discharge of the debt of 32 millions for the purchase of the East Indian Railway, is very far indeed from being an unreasonable one as regards the Government?—It strikes me as a strong confirmation of the fairness of those terms.

Mr. *Fawcett*.

780. But that is on the debt of India?—Quite true, but still it is as to the general interest on Indian obligations, and that is much higher than 4 *l.* 6 *s.*; I am only saying it is confirmatory; I say no more.

781. The words of the contract are, "On the obligations of the Indian Government in England"?—Distinctly.

782. And the four per cents. are about par?—Yes; but at the same time, if these figures were taken, which I am not taking as a rule at all, but I am only saying they are confirmatory as to the fairness of what was taken on the whole, they would have brought it up to very nearly 4¾ per cent.

Friday, 23rd May 1879.

MEMBERS PRESENT:

Mr. Campbell-Bannerman.
Mr. Fawcett.
Mr. Grantham.
Lord George Hamilton.
Mr. Hubbard.
Mr. Muntz.
Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

23 May 1879.

The Clauses of the Bill were proceeded with.

On Clause 5.

Mr. ROBERT WIGRAM CRAWFORD, re-called; and further Examined.

Mr. *Crawford.*

Mr. *Round.*

783. WILL you tell the Committee whether there is any unexhausted power of raising capital under those debenture contracts of the present company?—There is no unexhausted power.

784. The whole of the money then, we understand, has been raised?—The whole of the money which the Government undertook in those contracts to guarantee has been raised.

Mr. *Fawcett.*

785. Then, if this purchase did not take place, supposing the company had continued as it is now, under those contracts which are specified in Clause 5, it would have been impossible for the company to have raised any more money?—It would.

The Clauses of the Bill were further proceeded with.

On Clause 5a.

Chairman.

786. Clause 5a is, "From and after the 31st day of December 1879 the Secretary of State shall be bound to indemnify the company against all such debts and liabilities, if any, as they may have incurred to or with the sanction of the East India Company or of the Secretary of State, save and except any debt or liability in respect of the unclaimed interest and dividend mentioned in the Schedule of this Act annexed." What is meant by these words, "debts and liabilities, if any, as they may have incurred to or with the sanction of the East India Company or of the Secretary of State"?—It is rather difficult for me to define what the meaning of the words "debts and liabilities" is, because they are words taken from the old contracts, as Mr. M'Naghten stated. I can explain to the Committee the process of buying and selling so as to show that no debt really of any amount remains. We buy nothing whatever in this country for the service of the railway in India excepting under what is termed an indent, that is to say, a requisition upon the Board in London to purchase these goods, that requisition having come home with the sanction of the authorities in India, and it is not acted upon at the Board here without the sanction of the Government director present at the time. The goods are purchased, and they are shipped; there is no credit whatever given; as soon as they are shipped the person who supplies the goods comes for his money, and we apply to the Secretary of State for the money with the vouchers showing the transaction. The money is released to us at the Bank of England, and we pay the teller; and these transactions are never extended over any length of time, because there is another party to them, that is the seller of the goods, who wants his money. Practically there is never any outstanding amount of debt or obligation of the company in respect of anything bought; the transaction is closed unless there is a dispute, which is not very frequent.

Chairman—continued.

Mr. *Muntz.*

787. You are aware that in the general statements of the large railway companies in England, there is one item which always appears as "accounts owing"?—Yes.

788. Then you have no such item in your accounts?—Yes, we have; at the end of the annual statement there is shown an account of the sums owing, but they are generally of a very insignificant character.

789. What are they?—If we bought copper we should perhaps have contracted for the copper, and the copper might not have been delivered to us, and it would have been a liability. If the copper had been delivered to us and it had not been paid for, it would have been a sum due to the person who supplied the copper.

790. If it were merely a contract for delivery, then the asset would be there in the shape of copper?—Precisely so. I can assure the Committee that in the practical working of the company

Mr *Muntz*—continued.

pany there is nothing that need give them the least anxiety with regard to any interpretation that might be put upon those words.

Mr. *Fawcett.*

791. You do not think that this clause would give the company any claim upon the Government practically, except with regard to debentures?—No, it would give the company no claim whatever upon the Government, unless the time came when one of these debentures, or series of debentures, fell due, which the company being themselves not in a position to pay it, the debtor would have to go to the Government for the means to provide it.

792. Then you consider that this clause practically, simply refers to the debenture debt?—As regards the word "liabilities."

The Clauses of the Bill were further proceeded with.

On Clause 8a.

Chairman.

793. Perhaps you will explain your course of procedure with reference to this matter?—On the half-yearly day we apply to the Secretary of State for the money then due under his guarantee. He gives us a warrant payable at the Bank of England, and we distribute the money to the shareholders thus made available to us.

794. But there is this peculiarity about certain of the proposed arrangements in this Bill, that the chairman of the company and certain other individuals have the power of investing a certain portion of this annuity in certain funds. Now, supposing that any portion of this annuity so invested did not realise the amount contemplated, against whom would the annuitant bring an action?—I cannot tell. That is a legal question; but that does not arise under this clause.

795. But under this clause the Secretary of State pays certain sums to the company. By subsequent clauses certain persons nominated by the company have the power of investing a certain portion of this annuity in certain funds. All I want to be perfectly satisfied of is, that the liability of the Secretary of State ceases from the moment he has paid this annuity?—Entirely; so I am told.

Chairman—continued.

796. In fact, the receipt of the company, or the voucher of the company, would free him from his liability?—The concluding words of the clause are in restraint of the action of the directors.

The Clauses of the Bill were further proceeded with.

On Clause 12.

797. What does the annuity of 1 *l.* mean; that he is entitled to receive 1 *l.* a year?—The meaning of the clause is that no person shall be entitled to transfer, by sale or otherwise, a smaller amount than 1 *l.* It would be manifestly very inconvenient if a smaller sum than 1 *l.* could be transferred.

798. It means 1 *l.* of capital?—No, 1 *l.* of annuity; the equivalent of 25 *l.* capital.

The Clauses of the Bill were further proceeded with.

On Sub-section C. of Clause 22.

Mr. *Fawcett.*

799. As far as we know, the number of directors which represents the company is not limited, is it. I mean, is there any arrangement which now limits the number of the unofficial directors of the company under the present Bill, or is that left to subsequent arrangement between the Secretary of State and the company?—That I cannot answer you; under the present contract the Secretary of State is represented by one director only.

800. What I want to know is this: under the existing contract is the number of unofficial directors limited or defined?—Yes, it is limited.

801. Are there six or five?—The number was originally fixed at 18, with power at an extraordinary meeting to vary it so as not to exceed 24, nor to be reduced below 12. Subsequently the proprietors were authorised at any general meeting to alter and vary the number of directors, so that the same shall not be reduced below six, nor increased beyond 18; that is as to the unofficial directors.

802. What is the number of directors now?—Seven, and an official director.

[The further consideration of Sub-section C. was then postponed.

Tuesday, 27th May 1879.

MEMBERS PRESENT:

Mr. Campbell-Bannerman.	Mr. Hubbard.
Mr. Fawcett.	Mr. Muntz.
Lord George Hamilton.	Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

27 May 1879.

The Clauses were proceeded with; Clause 22 being postponed.

On Clause 39 a.

Mr. ROBERT WIGRAM CRAWFORD, re-called; and further Examined.

Mr. *Crawford.*

Chairman.

803. WILL you state what number of individuals who would be entitled to annuities have accepted the proposal of the Secretary of State, to accept 4 per Cent. Stock in place of their annuities, and the amount of annuities which they propose to exchange?—Yesterday, the 26th of May, was the last day upon which applications could be received in accordance with the terms of the letter from the India Office of the 26th of February, offering the shareholders the option of taking this stock. Up to yesterday evening 2,487 proprietors have agreed to commute their capital, amounting to 3,594,700 *l.*, into 4,482,750 *l.* 10*s.* of Government 4 per Cent. Stock. I may add that one or two applications have, I believe, been received to-day; but it will be entirely within the discretion of the Secretary of State to allow them to come in. The time having passed for the sending in of applications, the company cannot record the applications; all they can do is to pass them on to the Government to deal with as they please.

Chairman—continued.

804. (Mr. *M'Naghten.*) Do the figures which you have given comprise responses from shareholders in India as well as in Engand?—Yes, 22 shareholders in India have applied for 5,775 *l.* India Stock, and 21,375 rupee paper.

The Clauses were further proceeded with.

On the Schedule.

Mr. JULAND DANVERS and Mr. ROBERT WIGRAM CRAWFORD, re-called; and further Examined.

Mr. *Danvers* and Mr. *Crawford.*

Chairman.

805. (To Mr. *Danvers.*) IN this Schedule there are six different descriptions of property not included in the terms of the purchase, the last four evidently belonging to the company, as they are sums representing unclaimed or forfeited shares. As regards the first sub-section, can you inform the Committee why the buildings, workshops, fixtures, machinery, and plant of certain coal-fields are excluded from the purchase?—Because they were paid for out of monies which were due to the company under the contract, out of surplus profits.

806. (Mr. *M'Naghten.*) Are you acquainted with the lease of the Kurhurballee and Serampore coalfields?—Yes.

807. Is that the lease (*handing a paper to the Witness*)?—Yes.

808. What is the date of it?—The 10th of July 1874.

809. Is there this provision in it, that if the contract is determined by the Secretary of State

Chairman—continued.

purchasing the undertaking, he shall be bound to pay for the plant and buildings upon the coalfields?—There is.

810. There is also a contemporaneous agreement providing for capital to work the coalfields?—Yes.

811. That agreement provides that a sum of 25,000 *l.* should be advanced by the Government in the first instance, and should be repaid by the company out of revenue?—Quite so.

812. Did the Government advance that money?—Yes.

813. And has it been repaid out of revenue?—Yes, it has.

814. I understand that it has been repaid out of revenue in years during which the company and the Government shared the surplus profits?—That is so.

815. Then can you explain why it is that the Government claim a share of the proceeds of the value of the buildings upon Kurhurballee?—Because

Chairman—continued.

Because the money was contributed by the Government out of funds over which they had exclusive right and control.

816. Under the lease the Government would be bound to pay for the whole of the buildings, workshops, fixtures, machinery, and plant, on Kurhurballee; but they claimed as against the company to be entitled to a share of that value which represented surplus profits, which otherwise would have gone into their pocket?—Quite so.

Sir *Henry Peek*.

817. Were they to pay the cost price of all these buildings?—No, it is at a valuation. In the lease it is provided that if the lease is determined by the Government purchasing the railway, the buildings, workshops, fixtures, machinery, and plant then standing, or being upon or in the said land, shall be taken by the lessors (the Government), their successors and assigns, at a valuation.

818. (Mr. *M'Naghten.*) By arbitration?—Yes.

Sir *Henry Peek*.

819. Does it state what the arbitration is?—(Mr. *M'Naghten.*) It is the ordinary clause. As to Serampore and Kurhurballee they have always been worked as one concern, and there was a question between the company and the Government as to whether the company were not entitled to the value of the Serampore lease, which they did not take from the Government, but directly from the Indian proprietor; and there was some controversy and difference of opinion between the advisers of the company and the advisers of the Government; but ultimately an arrangement was made that Serampore, which was part of one concern with Kurhurballee, should be treated exactly as Kurhurballee was treated; that the Government should have the benefit of the Serampore lease, and in respect of the plant on Serampore, that it should be dealt with exactly in the same way as the plant in Kurhurballee.

Sir *Henry Peek*—continued.

820. (To Mr. *Crawford.*) With regard to the insurance fund, will you explain that?—Some years ago it was considered desirable to provide a fund out of which the current losses sustained by fire might be paid, so as not to leave the burden of any very large loss to be borne by any particular half year. An arrangement was made by which the sum of 3,000 *l.* was to be charged to working expenses and credited to the insurance account every half year; that deduction was made for 24 half years, consequently the sum of 72,000 *l.* was accumulated, and that amount being invested there was a further sum received for interest. Certain losses took place, and an amount still remains upon the account amounting to 51,169 *l.* 5 *s.* 4 *d.*, which has not been appropriated up to this time. That contribution of 3,000 *l.* every half year having been taken out of the working expenses of the company, it is apparent that if that deduction had not been made, the profit divided between the shareholders and the Government would, in what we call the surplus half years, have been larger. We contend that we are entitled, therefore, to one-half of that amount so raised remaining in the hands of the Government, deducting, of course, from that sum, those half years wherein the Government had to make up the guaranteed interest to 5 per cent. The result is that a balance remains of 18,452 *l.* 8 *s.* 1 *d.*; half of that will come back, under this arrangement, to the company, provided that there are no losses incurred between this time and the 31st of December next.

The Schedule was agreed to.

Wednesday, 11th June 1879.

MEMBERS PRESENT:

Mr. Campbell-Bannerman.
Mr. Fawcett.
Mr. Grantham.
Lord George Hamilton.
Mr. Hubbard.
Mr. Muntz.
Sir Henry Peek.

LORD GEORGE HAMILTON, IN THE CHAIR.

On Clause 3, Rider B.

Mr. ROBERT WIGRAM CRAWFORD, re-called; and further Examined.

Mr. *Crawford.* 11 June 1879.

Mr. *Muntz.*

821. THE Committee wish to know whether the rider B, page 18, containing the words "and all other the property of the company save and accept the property mentioned in the Schedule to this Act annexed," includes the Telegraphs and the other property mentioned in Clause No. 2?—It does.

Mr. *Muntz*—continued.

The consideration of the Clause was proceeded with.

On Clause 22.

Mr. JULAND DANVERS, re-called; and further Examined.

Mr. *Danvers.*

Chairman.

822. THE Committee are anxious to have a little information as to what the existing practice is at boards of guaranteed companies; I believe that very stringent regulations have been laid down as to what may be charged to revenue and what to capital account?—There have.

823. And, I suppose, that no deviation from those rules is allowed except with the sanction of the India Office?—No.

824. And is there more than the sanction of the Government director at the board necessary for any deviation from these rules?—Certainly.

825. The proposition must be laid officially before the India Office, and the Secretary of State in Council must give his assent before any deviation can be allowed from the rules laid down?—Yes; the Government director has no power whatever, either to allow expenditure to be incurred before it has been sanctioned by the Government, or to prevent its being incurred if the Government has sanctioned it.

826. Therefore the Government director's main business is to see that the rules and regulations laid down by the Secretary of State for India in Council are complied with?—Yes; his duty is to see that all regulations and rules that have been laid down for the guidance of the company are observed, and, in fact, that there is no breach of the contract in any way.

827. And as regards the exercise of the veto, I assume that if any important fresh question arose at any meeting of the board, it would be the duty of the Government director, before expressing an opinion on it, to refer it to the Secretary of State in Council?—Certainly if he had any doubts in his own mind as to the course he should pursue; and there is never any difficulty in adjourning a question in order that a reference may be made by him to the India Office.

Chairman—continued.

Mr. *Fawcett.*

828. But these rules and regulations must be so general as, for instance, to allow of the greatest variation in the working expenses of these companies; because the working expenses of the guaranteed railways generally are stated in the Budget to be very much greater this year than they were last year?—I am not aware that that is the case.

829. But, perhaps, you have not seen the Budget statement?—Yes, I have; and the net receipts were not so large in the past year as in the previous year; but this was due to the gross receipts being less, not to the working expenses being greater.

830. It says that the net receipts of the guaranteed railways will fall off by 1,800,000*l.*; that this is the smaller net return of any year but one, 1873-4; and then it goes on to remark that a part of this falling off in the net receipts is due to the increase in the working expenses; now what control have you, as representing the Government, over that increase in the working expenses?—All control with reference to working the line itself is exercised in India by the Government there; the Government director here simply has to approve or disapprove of the instructions that may be sent by the board to their agents and officers in that country.

831. But whether this transaction in this Bill will be advantageous to the Government or not, will to a very great extent depend upon the working expenses, will it not?—Very much.

832. If

Mr. *Fawcett*—continued.

832. If you have no control over the working expenses, and the Government will not be represented in India, the Government practically will have no control over the working expenses?—The Government are represented very largely in India.

833. How?—Through officers of the Government who are appointed for the purpose.

834. But not the directors; they have no official representation as far as this Bill goes?—The Government have power under the Bill to appoint any officer they may choose to investigate or supervise the proceedings of the company besides the Government director.

835. What I mean is this; the representation of the Government is vested in one director; you tell us that you have no control whatever, as representing the Government, over the working expenses?—I did not mean to say that I have no control whatsoever; because, of course, I have control over any instructions that may be sent from the board in this country to their agents there.

836. Expenditure does increase in India with regard to working expenses, and over that increased expenditure, as I understand, you have no control?—I have control over any proceedings of the board in connection with directions they may give relating to working expenses. If, for instance, they proposed to give instructions for an expenditure which I thought objectionable, I should think it my duty to express my dissent from such instructions; but practically the working of the railway must be conducted in India, and is conducted there by the agents and officers of the railway company, who are in almost daily communication with the officers of the Government; and no proceeding there is taken by the agent or any officer of the company except with the cognisance and with the sanction of the Government officer.

837. You contend that the greatest part of the working expenses are under the control of people in India?—I do.

838. And as far as this Bill shows, the Government has no representation whatever in controlling those expenses?—I think you will find that provision is made to enable the Government to make what regulations they may think fit with reference to the control in India of the railway company's officers.

839. Will you refer me to the clause?—Clause 22 is the clause; and the provision is contained in the section, which provides for "the control and supervision of the Secretary of State in respect to the matters aforesaid;" those "matters aforesaid" relating to the management and maintenance of the East Indian Railway, which of course must take place in India; and, in practice, I can assure the honourable Member that the control and supervision there is most minute and particular.

840. But now you have control, for instance, in purchasing locomotives; do you control the price that is paid for them?—I wish I could control the price.

841. I mean can you control whether they are purchased at a particular price?—Yes, I can. I would explain that the practice is always to invite tenders by public advertisement, whether for locomotives or for anything else. These tenders are opened at the board, at which I am always present; a list is made of the tenders,

Mr. *Fawcett*—continued.

and the rule is, unless there is some special reason against it, to accept the lowest tender.

842. But now with regard to freight; what is your power there; because you have had to pay large sums for freight in sending out stores; have you adopted there the principle of open competition?—Not always.

843. When you have not, why have you departed from that principle?—It was thought more economical, and upon the whole better not to do so.

844. Have you had any voice, when it was not open for competition, in determining who should be selected?—I have control over that as over everything else.

845. But did you exercise any control?—I do not understand what the honourable Member means by "exercising any control"; I was there, and agreed or disagreed to whatever was proposed at the board at the time.

846. As long as it is open for competition, there is no difficulty; you can see whether the lowest offer with proper security is accepted; but what controls the selection?—It is generally done through a broker or a shipping clerk belonging to the company, and he reports what opportunities he has for obtaining freight; these are explained to the board, and are agreed to or not as may be thought proper; I am always present on the occasion.

847. Did you take any pains, at the time these freights were accepted, to make any inquiries, as an independent person representing the Government, to see whether it would not have been possible to obtain lower freights?—That is my practice.

848. But did you in recent instances, for example in which freights were not subjected to open competition; did you as a matter of fact make any inquiries to ascertain whether in the open market you could have obtained freights at lower terms?—Yes, I learned from the chairman of the company, who himself personally attended to it, that the lowest freights that could be obtained were obtained.

849. But as representing the Government, you made no independent inquiry; you simply inquired from the chairman of the company?—Quite so; he was the man from whom I could get the best information.

850. As I understand, you do not for instance make any independent inquiry yourself?—I have done so, and can do so of course.

851. But you have not done so lately?—Yes, I have lately. I am not thinking at the moment of this company in particular, but of other companies.

852. I mean in regard to this particular company?—Yes, I have made very particular inquiries lately in regard to this company.

853. Independent?—Independent. There is no doubt that it is the duty of the Government director to look after expenditure in matters of freight as in every thing else.

854. In reply to a question that I put to you, you said that you thought you had discharged that duty by applying to the chairman of the company in one instance; I am correct in saying that, am I not?—I got my information from the chairman, whom I thought the best person to give it me, in fact, the only person, because he was concerned in the bargain which he had to report.

855. Now,

Mr. *Danvers.*

11 June 1879.

Mr. *Danvers.*

11 June 1879.

Mr. *Fawcett*—continued.

855. Now, are all salaries under your control?—You are alluding, I presume, to the salaries of the officers and clerks on the home establishment?

856. No, in India too I mean?—In India I have no control over them; that is always settled in India by the Government, but no salary can be assigned to any office unless the Government approve of it.

857. Therefore your control does not go towards any of the expenditure made in regard to the staff in India?—Not in India until the approval of Government has been expressed.

858. It does in England?—In England, it does.

Chairman.

859. I want to make that point quite clear; you, as I understand it, are one of a board of directors who lay down certain principles which are to regulate the expenditure of the railway company?—Yes.

860. Those principles of course apply to all the railway staff in India?—Yes.

861. And what you mean is, that you are not able personally to see that those principles are applied in India, but you do not mean to say that the principles which you lay down do not apply to the staff in India?—No; I mean to say that I have nothing to do except through the board; of course, many of these questions of salary are referred home for consideration, and by that means I have a voice in the matter, and if it was proposed to give an extravagant salary to an officer, it would be my duty to interfere and prevent it; so far, I certainly have a voice, and a control over salaries in India, but generally speaking, these matters are considered by the Government there in communication with the railway company's officers, and are submitted to the board for final decision, when the sanction of Government had been given to them.

Mr. *Fawcett.*

862. But I presume the Government have no power whatever without the consent of the board of directors, of which you are a member, to order particular salaries to be paid?—No.

863. Then it must come under your cognisance?—Just so; I was explaining to the Chairman that in that way I have, of course, a control over the granting of salaries.

864. But, as I understand, you are the Government director of all the guaranteed companies?—I am.

865. That being the case, can you possibly exercise control over these matters; that is to say, can you control the amount that is paid for stores, freights, salaries, in fact all the working expenses of all these great railways; how often, for instance, can you, considering your multifarious duties, go to the offices of the East Indian Railway Company; once a fortnight?—It is only at the boards, when they are sitting, that I can exercise control; the greater part of the business is prepared and ready cut and dried for the board; and when it has come before the board I consider it with the directors.

866. Just to find out what the exact nature of this control is, because you in future will control a property of 32,000,000 *l.* on behalf of the Government, let me ask you this question, how often as a matter of fact do you go to the East Indian Company's Offices?—Every week they hold a board.

Mr. *Fawcett*—continued.

867. You are always there?—I am always there, or my deputy.

868. And how long does a meeting generally last; an hour?—More than that; two hours, very often.

869. What it will run to is this, that the Government will exercise through you a control of two hours once a week?—A great deal goes on meantime; I am at the India Office and in daily communication with the officers of the company; it is only at the board that I can exercise control, but there are those relations between myself and the board that I am kept acquainted with everything that is going on. I see the papers when they come from India, and I am able to read them quietly; committees are appointed which I sometimes attend, and then, of course, there is that additional work besides the board, but everything comes before my eye; nothing is settled without my knowledge.

870. Who determines the number of directors appointed by the company; have you any power in that respect?—That is a matter for the shareholders to settle; the Act, of course, settles the minimum and the maximum number.

871. Have you any voice at all in determining, or are you consulted at all, whether they should be seven, or whether they should be 12?—Yes, I have been consulted.

872. Then again, there is nothing in this Bill about the remuneration of the directors?—Nothing in the Bill; that is left in the hands of Government.

873. Therefore, as far as we know, their remuneration is practically left without any control to the Government?—It is left in the hands of Government, no doubt.

Mr. *Muntz.*

874. In regard to a remark made by Mr. Fawcett as to the payment of the officials in India, will you tell me who controls the salaries of those officials; is that controlled by a Government officer in India, or is it referred to you?—It is done by the board in the first instance.

875. Who controls the board?—The Secretary of State. I have no power, for instance, to enable the board to create any new office; if an office was thought to be desirable the board would say so, and the matter would be referred to the India Office.

876. Then the director to be appointed by the Government would have no veto on that?—The decision would rest with the Government itself, and therefore it would not be necessary for him to do more than see that a proper person was selected to fill the office.

877. Then, as to the director who is to be appointed by the Government, would he sit on the board in London, or would he act in India?—In London.

878. Then there is no one in India who controls these matters except the official of the Government there?—In the first intance the Government in India have control over matters there.

879. Has that official of the Government any power to interfere with the salaries of the officials of the railway in India; has the official of the Government any control over their salaries?

Mr. *Muntz*—continued.

salaries? — Not over the salaries that have been granted, because they are granted by the board after they have received the views of the Government of India upon them.

880. With regard to another question; Mr. Fawcett mentioned that there was a great increase in the working expenses; is that an increase on the mileage or an increase in proportion to the gross receipts?—I do not think there has been any increase in the working expenses; the net receipts have been reduced, but that has been in consequence of the gross receipts being less, not in consequence of the working expenses being higher. Trade has been very much depressed this last year and traffic was less.

Mr. *Campbell-Bannerman.*

881. You say that the expenditure in India is controlled by Government officials?—Yes.

882. Are those officials specially appointed for that purpose?—They are.

883. And what is their status?—The office is generally filled by officers in the Royal Engineers of the rank of colonel.

884. Who have certain divisions of the line under their inspection?—Quite so; and at the central office in Calcutta meetings are held weekly, perhaps more frequently than that, at which the Consulting Engineer to the Government (that is the title by which he is known) always attends, and nothing is done without his cognisance and without his approval. If there is any disagreement at these meetings the matter is referred to the Supreme Government, who decide, if it is a case of expenditure, whether it should be incurred or not; but matters of details are left to this officer, who reports regularly to the Government what is done; and the proceedings come home to the board, so that we have the opportunity here, also, of knowing everything that goes on.

885. Are those meetings in Calcutta under the direction of the board here, or under the direction of the Indian Government?—It is one of the regulations of the company, approved by the Government, that these meetings should be held, and that minutes should be kept of what takes place; the Government of India see them there; the board as well as the Home Government see them here.

886. But do those inspecting engineers report to the Indian Government or to you?—To the Indian Government; and the Indian Government report to the India Office. The company's agents also report to the board; so that there is a double report.

887. Is it the practice of the Government director to exercise his powers on his own responsibility, or does he refer questions to the India Office?—Sometimes one and sometimes the other course is pursued. Generally speaking he exercises authority upon his own responsibility; but on any important questions he asks the board to allow him to reserve the matter; and I have the opportunity then of consulting the Secretary of State in Council.

888. It is left to his own discretion to decide whether matters are of sufficient importance to require reference to the Secretary of State?—Yes.

889. And the same system, both here and abroad, you presume, would go on under this Bill with regard to the company in the new position as has gone on hitherto?—I presume so, unless circumstances may indicate some necessary alteration.

Mr. *Campbell-Bannerman*—continued.

Mr. *Grantham.*

890. Supposing that there were two Government directors, what would be the duty of the one differing from the duty of the other; could the work be done by two with any advantage?—I am afraid not. I should apprehend that it would be a division of responsibility that would be inexpedient.

Sir *Henry Peek.*

891. Do you consider yourself director in any way as initiating policy?—It is quite in my power to do so.

892. It is not the practice?—It is not the practice.

893. You are merely there to see that things go to the best of your discretion in the ordinary way?—Quite so; I would go beyond that, I think, and explain that if I thought that anything should be altered, or if I thought that any new course should be taken, I should consider it my duty to propose it, and I have every reason to think that the board would always entertain any proposition or suggestion I might make; I have always found them ready to do so.

894. You said in answer to a former question, that you only referred matters to the India Office if any doubts arose in your own mind?—Yes.

895. There might be many cases in which, if they did not occur to your mind, you would not go to the India Office at all?—Of course some discretion must be left to the Government director, and I think that he might be trusted to decide what questions are of sufficient importance to refer to the India Office, and what are not.

Chairman.

896. Do you consider that you have power to sanction, without consulting the Secretary of State, any departure from the rules and regulations which have been laid down by the Secretary of State?—Certainly not.

Sir *Henry Peek.*

897. Supposing the directors say, "We are going to raise the salary of the secretary from 800 *l.* a year to 1,000 *l.* a year," would they have power to raise the salary without speaking to you?—No; certainly not.

898. Should you refer anything of that sort?—A matter of that kind must be referred; I have no power to allow any increase of salary.

899. But you find that there are seven gentlemen here who know perfectly well what they are about, and are acting in the interests of the company, and they think it is in the interests of the company to raise the secretary's salary from 800 *l.* to 1,000 *l.*; you hear the reasons, and they appear to you to be sufficient, and therefore the thing is done, and you say no more about it; is that the course?—It might be the course, but the practice is for the Secretary of State to allow a certain sum to be placed in the hands of the company for the purpose of maintaining the necessary establishment in this country; the details are left with the board; they select their officers, and they assign to each what they consider

Mr. *Danvers.*

11 June 1879.

Sir *Henry Peek*—continued.

sider a proper salary; if the amount that had been granted by the Secretary of State left a margin by which an increase of salary might be made to a clerk or the secretary, it would be competent to the board to do that, and I should have the power either to object or to agree.

900. If you are sick what happens?—The deputy Government director takes my place.

901. And he has all the power that you have?—It is proposed to give it to him now. Under the late Act he has not the same power.

902. If you were sick for three months the Government are practically unrepresented?—No, the deputy Government director has always attended the board in my absence; when I went to India, for instance, I was absent for five months, and he regularly attended every week and acted for me; he had not, I think, the power of veto under the existing contract, but then the board would always defer to his wish to refer to the India Office any point which he had hesitation in agreeing to.

903. What appears to me is this, that one's mind, no matter how able and competent the gentleman may be, is not equal in matters of this sort to seven minds; and it appears to me that the Government is rather under represented in having one as against seven; now do not you think so?—I think the veto gives the Government director all the advantage which he would desire; I am afraid, as I was saying just now, you would dilute the responsibility of the Government representation if you had more than one; they might differ; what would be the position then? one would have to give way to the other, and the one who thought the veto should be exercised might yield to the opinion of the other, or *vice versâ*; I am afraid there might be confusion and weakness.

904. To my mind the main advantage is this, that two or three gentlemen might see things from two or three different points of view, whereas they need not necessarily differ; or it does not follow that they should not agree; but one man only sees the matter from one point of view, while two or three would see it in divers points of view, and would be more equal to the seven directors representing the company?—That is perfectly true, but the Government director, who is always in the habit of attending the boards, gets into the habit of keeping his eyes and ears open, and doing his best to attend to the interests of the Government.

905. You say you have a veto on anything that may be done in the board room; have you any veto on anything that may be done at a public meeting by the shareholders?—No.

906. Then do you mean to say that the shareholders, as a body in public meeting, are independent of you, and consequently independent of the Government?—No; no body of shareholders could pass a resolution involving expenditure of money over which Government has control; the Government could immediately object and prevent it; shareholders can do nothing to commit the Government; no resolution which they pass would make it necessary for the Government to agree to it.

907. I should have thought that the shareholders were the more powerful of the two?—No; Government have full power over the money.

908. You say that you give, on an average,

Sir *Henry Peek*—continued.

two hours a week of your time to the board; you attend occasional committees, and papers continually pass between you and Mr. Crawford?—Yes, and the secretary and officers.

909. And I have no doubt all is done very well; but if you give two hours a week to the board, and attend committees and pass papers, can you do your duty to 20 railways?—I have not 20 railways to look after.

910. I thought you said you had nearly 20?—No; eight is the number, and some are much smaller than the East Indian Railway, which is the largest and most important of all. Some others are comparatively insignificant.

911. I should have thought the week would hardly have been sufficient for your work?—We hope that we do business in such a way as to secure due dispatch, and it should be recollected that it is supervision the Government directors have to exercise, not management to carry out.

Mr. *Hubbard.*

912. Are the Committee to consider that, under the system of a joint direction by which the company are represented by seven directors and the Government by one director, you do look upon the Government and the company as having conflicting interests, so that the Government director is always there in order to counteract and to arrest the movements of the company; or, is it rather that, having joint interests in the success of the undertaking, he is there as an ally and an assistant?—The view I should be disposed to take would be that the interests are not conflicting, but that they are almost identical. At the same time the Government have a very large interest in the matter, and I think it is incumbent upon the Government with so large a stake in a concern like that which is managed by a semi-independent body, to have the means of seeing that money is properly spent, that the management is good, and that everything is done in order to conduce to the interest of the undertaking as well as of the Government.

913. But you are of opinion that one competent representative of the Government would be as capable of protecting their interests as two, or three, or more?—I think better, considering the way in which business is done, and considering that a great deal is left in the hands of the Government independently of the Government director.

Chairman.

914. Will you take that Paper, please (*handing a Paper to the Witness*). That is a Paper which I have read to the Committee, and which you will see at the end is signed by Mr. Macnaghten on behalf of the India Office, and countersigned by Mr. Edward Stanhope, Under Secretary of State for India; have the items contained in that Paper been agreed upon between the company and the Indian Government?—No contract has absolutely been signed yet, but I am quite in a position to say that the conditions here expressed have been agreed to.

[*The Paper was handed in, and is as follows*:—]

"It has been agreed between the Secretary of State and the company, that the contract to be entered

entered into in pursuance of Clause 22 of the Act shall contain provisions to the following effect :—

"As to Construction and Working of Auxiliary or Branch Railways.

"1. Power for the Secretary of State to require the company to construct any auxiliary or branch railway of the same gauge, in connection with any railway forming part of the undertaking, and to work any such auxiliary or branch railway, whether constructed by the company or not, either as agents of the Secretary of State, or as part of the undertaking, as the Secretary of State may determine, upon such terms and conditions as may in each case be agreed upon between the Secretary of State and the company.

"As to Alterations and Improvements in the Undertaking, and Additions thereto, not extending to the Construction of Auxiliary or Branch Railways.

"2. Power for the Secretary of State from time to time to require the company to carry out any alterations or improvement in the undertaking, or any addition thereto, that may, in his opinion, be necessary for the safety of passengers, of the public, or for the effectual working of the undertaking, the Secretary of State supplying the necessary funds and providing any land that may be required for the purpose. The expense (including value of any land required) to be charged to capital or revenue, as the case may require.

"As to Arbitration.

"3. Provision for arbitration in all cases of difference not otherwise specially provided for, and in all cases where the Secretary of State and the company may fail to agree as to any matter with regard to which their agreement is required by the contract.

"As to Appointment of Government Director.

"4. Power for the Secretary of State to appoint any one person not being a deferred annuity holder to be a director of the company. The Government director to rank as one of the board of directors, and to be entitled in all things to act as such, and to be an *ex-officio* member of all committees, and moreover, to be entitled to exercise at his discretion an absolute right of veto in all proceedings at the board. The Government director not to be removable, except by the Secretary of State. Power for the Secretary of State to appoint a deputy to represent in his absence the Government director at all meetings of the board, all committee meetings, and on all other occasions, and to have and exercise all powers which the Government director, if present, might have and exercise.

"Settled, *E. Macnaghten*, L.I.
"10 June 1879.

"(signed) *Edward Stanhope.*
"10 June 1879."

Mr. *Danvers.*

11 June 1879.

The consideration of the clause was then proceeded with.

The clause having been amended, was agreed to.

LIST OF APPENDIX.

Appendix, No. 1.

Papers handed in by Mr. R. W. Crawford:

East Indian Railway Company: PAGE.

Main Line Revenue, 1855 to 1878 - - - - - - - - - - 77

Jubbulpore Line Revenue, 1867 to 1878 - - - - - - - - 79

Appendix, No. 2.

Papers laid before the Committee by the Chairman:

Statement showing the Gain to the Government under the New Agreement, calculated on the Net Traffic Earnings for 1876, for 1867, and for the Year ended 30th June 1878, if Converted at a uniform Rate of 1 *s.* 8 *d.* per Rupee - - - - - - 81

Supplementary Statement showing the mode of Calculating the "Loss of Exchange" under the Existing Contract - - - - - - - - - - - - 82

Statement showing the Annuity that might be payable to the East Indian Railway Company for 73 Years, calculated at different Rates of Interest - - - - - 83

APPENDIX.

Appendix, No. 1.

PAPERS handed in by Mr. *R. W. Crawford.*

EAST INDIAN RAILWAY COMPANY.

MAIN LINE REVENUE.

DATE.	Gross Receipts.	Working Expenses.	Net Receipts.	Per-Centage of Working Expenses to Gross Receipts.	Deductions for Interest, &c.	Surplus Profits.
Half-Years:	£. s. d.	£. s. d.	£. s. d.		£. s. d.	£. s. d.
30 June 1855 - (from 15 Aug. 1854.)	31,452 19 –	20,821 17 5	10,631 1 7	66·20	—	—
31 Dec. 1855 -	35,417 – –	14,795 8 10	20,621 11 2	41·77	—	—
£.	66,869 19 –	35,617 6 3	31,252 12 9	53·26	—	—
30 June 1856 -	46,761 14 5	18,970 11 1	27,791 3 4	40·56	—	—
31 Dec. 1856 -	49,338 15 9	20,069 17 7	29,268 18 2	40·98	—	—
£.	96,100 10 2	39,040 8 8	57,060 1 6	40·62	—	—
30 June 1857 -	64,307 12 2	24,092 6 9	40,215 5 5	36·72	—	—
31 Dec. 1857 -	69,333 1 7	26,777 15 7	42,555 6 –	38·52	—	—
£.	133,640 13 9	50,870 2 4	82,770 11 5	38·06	—	—
30 June 1858 -	80,899 1 2	35,729 7 11	45,169 13 3	42·55	—	—
31 Dec. 1858 -	85,982 9 1	47,748 12 5	38,233 16 8	55·53	—	—
£.	166,881 10 3	83,478 – 4	83,403 9 11	50·02	—	—
30 June 1859 -	143,715 – 4	57,530 5 9	86,184 14 7	40·04	—	—
31 Dec. 1859 -	150,485 10 5	70,157 6 2	80,328 4 3	46·62	—	—
£.	294,200 10 9	127,687 11 11	166,512 18 10	43·40	—	—
30 June 1860 -	165,839 – 7	76,181 5 11	89,657 14 8	46·54	—	—
31 Dec. 1860 -	169,922 4 6	88,436 4 –	81,486 – 6	52·05	—	—
£.	335,761 5 1	164,617 9 11	171,143 15 2	49·03	—	—
30 June 1861 -	238,611 5 11	105,854 4 6	132.757 1 5	44·36	—	—
31 Dec. 1861 -	253,705 17 5	123,843 – 3	129,862 17 2	48·81	—	—
£.	492,317 3 4	229,697 4 9	262,619 18 7	46·66	—	—
30 June 1862 -	298,678 17 11	150,635 18 10	148,042 19 1	50·44	—	—
31 Dec. 1862 -	284,188 16 6	162,369 9 4	121,819 7 2	57·13	—	—
£.	582,867 14 5	313,005 8 2	269,862 6 3	53·70	—	—

East Indian Railway Company.—Main Line Revenue—*continued.*

DATE.	Gross Receipts.	Working Expenses.	Net Receipts.	Per-Centage of Working Expenses to Gross Receipts.	Deductions for Interest, &c.	Surplus Profits.
	£. s. d.	£. s. d.	£. s. d.		£. s. d.	£. s. d.
30 June 1863 -	516,359 17 3	255,672 12 11	260,687 4 4	49·51	—	—
31 Dec. 1863 -	473,692 - 11	293,195 5 1	180,496 15 10	61·89	—	—
£.	990,051 18 2	548,867 18 -	441,184 - 2	55·44	—	—
30 June 1864 -	652,147 15 2	322,394 16 5	329,752 18 9	49·43	—	—
31 Dec. 1864 -	620,428 7 11	322,693 1 9	297,735 6 2	52·01	—	—
£.	1,272,576 3 1	645,087 18 2	627,488 4 11	50·69	—	—
30 June 1865 -	821,676 10 4	345,540 2 9	476,136 7 7	42·05	—	—
31 Dec. 1865 -	852,765 17 9	399,710 12 2	453,055 5 7	46·89	—	—
£.	1,674,442 8 1	745,250 14 11	929,191 13 2	44·51	—	—
30 June 1866 -	1,067,542 9 8	441,324 3 4	626,218 6 4	41·34	527,150 16 10	99,067 9 6
31 Dec. 1866 -	944,065 17 8	450,968 17 8	493,097 - -	47·76	—	—
£.	2,011,608 7 4	892,293 1 -	1,119,315 6 4	44·34	—	—
30 June 1867 -	1,213,068 12 11	533,472 4 1	679,596 8 10	43·97	576,760 13 2	102,835 15 8
31 Dec. 1867 -	920,210 18 8	523,065 14 10	397,145 3 10	56·84	—	—
£.	2,133,279 11 7	1,056,537 18 11	1,076,741 12 8	49·52	—	—
30 June 1868 -	1,084,634 - 4	494,612 7 -	590,021 13 4	45·60	—	—
31 Dec. 1868 -	1,065,039 6 2	437,440 3 4	627,599 2 10	41·12	—	—
£.	2,149,673 6 6	932,052 10 4	1,217,620 16 2	43·36	—	—
30 June 1869 -	1,349,820 13 1	517,339 13 -	832,481 - 1	38·32	683,420 19 7	149,060 - 6
31 Dec. 1869 -	1,125,719 8 8	511,878 1 11	613,841 6 9	45·47	—	—
£.	2,475,540 1 9	1,029,217 14 11	1,446,322 6 10	41·57	—	—
30 June 1870 -	1,438,055 19 2	572,182 7 10	865,873 11 4	39·78	735,778 18 1	130,094 13 3
31 Dec. 1870 -	1,190,052 12 5	527,277 3 6	662,775 8 11	44·31	—	—
£.	2,628,108 11 7	1,099,459 11 4	1,528,649 - 3	41·78	—	—
30 June 1871 -	1,237,157 15 10	504,823 14 11	732,334 - 11	40·80	623,078 17 3	109,255 3 8
31 Dec. 1871 -	1,066,729 13 1	457,261 5 11	609,468 7 2	42·86	—	—
£.	2,303,887 8 11	962,085 - 10	1,341,802 8 1	41·68	—	—
30 June 1872 -	1,344,768 5 9	519,902 - 3	824,866 5 6	38·66	674,171 4 6	150,695 1 -
31 Dec. 1872 -	1,092,245 11 1	484,926 11 10	607,318 19 3	44·39	—	—
£.	2,437,013 16 10	1,004,828 12 1	1,432,185 4 9	41·23	—	—
30 June 1873 -	1,324,035 - 5	489,982 14 3	834,052 6 2	37·00	666,299 11 9	167,752 14 5
31 Dec. 1873 -	1,255,079 5 6	479,443 1 1	775,636 4 5	38·20	670,948 14 2	104,687 10 3
£.	2,579,114 5 11	969,425 15 4	1,609,688 10 7	37·58	1,337,248 5 11	272,440 4 8

East Indian Railway Company.—Main Line Revenue—*continued.*

DATE.	Gross Receipts.	Working Expenses.	Net Receipts.	Per-Centage of Working Expenses to Gross Receipts.	Deductions for Interest, &c.	Surplus Profits.
	£. s. d.	£. s. d.	£. s. d.		£. s. d.	£. s. d.
30 June 1874 -	1,951,216 8 –	633,397 18 3	1,317,818 9 9	32·46	681,147 15 9	636,670 14 –
31 Dec. 1874 -	1,236,429 11 3	492,326 17 2	744,102 14 1	39·82	681,609 15 8	62,492 18 5
£.	3,187,645 19 3	1,125,724 15 5	2,061,921 3 10	35·32	1,362,757 11 3	699,163 12 5
30 June 1875 -	1,339,431 8 9	510,225 18 3	829,205 10 6	38·09	676,441 10 1	152,764 – 5
31 Dec. 1875 -	1,170,234 4 2	452,829 4 8	717,404 19 6	38·70	678,702 13 7	38,702 5 11
£.	2,509,665 12 11	963,055 2 11	1,546,610 10 –	38·37	1,355,144 3 8	191,466 6 4
30 June 1876 -	1,539,103 2 10	514,194 6 6	1,024,908 16 4	33·41	677,682 12 11	347,226 3 5
31 Dec. 1876 -	1,471,080 15 –	510,741 5 –	960,339 10 –	34·72	675,736 12 3	284,602 17 9
£.	3,010,183 17 10	1,024,935 11 6	1,985,248 6 4	34·05	1,353,419 5 2	631,829 1 2
30 June 1877 -	1,902,975 11 10	592,175 8 2	1,310,800 3 8	31·12	677,561 6 7	633,238 17 1
31 Dec. 1877 -	1,736,446 19 6	543,904 7 5	1,192,542 12 1	31·32	682,683 9 7	509,859 2 6
£.	3,639,422 11 4	1,136,079 15 7	2,503,342 15 9	31·22	1,360,244 16 2	1,143,097 19 7
30 June 1878 -	1,780,895 1 –	585,341 18 6	1,195,553 2 6	32·87	677,173 2 –	518,380 – 6
31 Dec. 1878 -	Account not yet received from India.					

East Indian Railway Company,
7 April 1879.

J. Dorning,
Accountant.

EAST INDIAN RAILWAY COMPANY.

JUBBULPORE LINE REVENUE.

From 1 Aug. to 31 Dec. 1867	£. s. d. 19,774 12 4	£. s. d. 17,533 7 8	£. s. d. 2,242 4 8	88·66	—	—
Half-years:						
30 June 1868 -	41,283 2 4	28,644 17 6	12,638 4 10	69·39	—	—
31 Dec. 1868 -	44,023 5 7	36,335 18 3	7,687 7 4	82·54	—	—
£.	85,306 7 11	64,980 15 9	20,325 12 2	76·17	—	—
30 June 1869 -	54,306 16 –	64,867 4 2	*10,560 8 2*	119·44	—	—
31 Dec. 1869 -	53,789 16 4	52,077 6 1	1,712 10 3	96·81	—	—
£.	108,096 12 4	116,944 10 3	*8,847 17 11*	108·18	—	—
30 June 1870 -	69,464 5 8	60,881 2 6	8,583 3 2	87·64	—	—
31 Dec. 1870 -	52,999 19 –	43,964 5 5	9,035 13 7	82·95	—	—
£.	122,464 4 8	104,845 7 11	17,618 16 9	85·61	—	—

EAST INDIAN RAILWAY COMPANY.—JUBBULPORE LINE REVENUE—*continued.*

DATE.	Gross Receipts.	Working Expenses.	Net Receipts.	Per-Centage of Working Expenses to Gross Receipts.	Deductions for Interest, &c.	Surplus Profits.
	£. s. d.	£. s. d.	£. s. d.		£. s. d.	£. s. d.
30 June 1871 -	70,436 - -	50,935 4 4	19,500 15 8	72·31	—	—
31 Dec. 1871 -	69,015 18 6	49,942 - 10	19,073 17 8	72·36	—	—
£.	139,451 18 6	100,877 5 2	38,574 13 4	72·34	—	—
30 June 1872 -	122,514 19 6	52,603 5 6	69,911 14 -	42·94	—	—
31 Dec. 1872 -	98,129 10 5	46,930 4 3	51,199 6 2	47·82	—	—
£.	220,644 9 11	99,533 9 9	121,111 - 2	45·11	—	—
30 June 1873 -	101,406 14 6	50,802 17 4	50,603 17 2	50·10	—	—
31 Dec. 1873 -	76,629 3 6	50,583 5 1	26,045 18 5	66·01	—	—
£.	178,035 18 -	101,386 2 5	76,649 15 7	56·95	—	—
30 June 1874 -	157,178 4 11	55,995 7 -	101,182 17 11	35·62	89,944 15 5	11,238 2 6
31 Dec. 1874 -	77,858 17 2	44,085 17 6	33,772 19 8	56·62	—	—
£.	235,037 2 1	100,081 4 6	134,955 17 7	42·58	—	—
30 June 1875 -	108,261 19 5	58,369 1 4	49,892 18 1	53·91	—	—
31 Dec. 1875 -	76,787 17 5	48,957 19 3	27,829 18 2	63·76	—	—
£.	185,049 16 10	107,327 - 7	77,722 16 3	58·00	—	—
30 June 1876 -	113,771 8 8	53,434 13 7	60,336 15 1	46·97	—	—
31 Dec. 1876 -	131,398 - 3	66,603 10 5	64,794 9 10	50·69	—	—
£.	245,169 8 11	120,038 4 -	125,131 4 11	48·96	—	—
30 June 1877 -	229,043 8 3	81,247 12 3	147,795 16 -	35·47	86,277 19 8	61,517 16 4
31 Dec. 1877 -	197,111 19 7	77,582 19 6	119,529 - 1	39·36	83,439 19 7	36,089 - 6
£.	426,155 7 10	158,830 11 9	267,324 16 1	37·27	169,717 19 3	97,606 16 10
30 June 1878 -	177,610 3 2	79,433 - 3	98,177 2 11	44·73	83,382 17 4	14,794 5 7
31 Dec. 1878 -	Account not yet received from India.					

East Indian Railway Company,
7 April 1879.

J. Dorning,
Accountant.

Appendix, No. 2.

PAPERS laid before the Committee by the *Chairman.*

STATEMENT showing the GAIN to the GOVERNMENT under the NEW AGREEMENT, calculated on the NET TRAFFIC EARNINGS for 1876, for 1877, and for the Year ended 30th June 1878, if Converted at a uniform Rate of 1 *s.* 8 *d.* per Rupee.

	1876.	1877.	Year ended 30th June 1878.
NET EARNINGS - - - - - - - - *Rs.*	2,30,22,322	3,02,23,005	2,84,31,334
Converted at 1 *s.* 8 *d.* per Rupee - - - £.	1,918,527	2,518,658	2,369,278
CHARGES.			
Interest on Debentures and Debenture Stock - - - £.	188,000	188,000	188,000
Charge in respect of the Annuity - - - - - -	1,179,000	1,179,000	1,179,000
Interest on the Company's Capital - - - - -	262,000	262,000	262,000
Contribution to Provident Fund - - - - - -	19,185	25,187	23,693
Interest on Value of Stores in Hand at close of each Half Year	33,333	33,333	33,333
TOTAL CHARGES - - - £.	1,681,518	1,687,520	1,686,026
SURPLUS PROFITS - - - - £.	237,009	831,138	683,252
Government Share, $\frac{4}{5}$ths - - - - - -	189,607	664,911	546,602
Company's Share, $\frac{1}{5}$th - - - - - -	47,402	166,227	136,650
£.	237,009	831,138	683,252
GOVERNMENT RECEIPTS.			
UNDER NEW AGREEMENT:			
Government Share of Surplus Profits (as above), $\frac{4}{5}$ths £.	189,607	664,911	546,602
Interest on Value of Stores (as above) - - - -	33,333	33,333	33,333
(1) Total under New Agreement - £.	222,940	698,244	579,935
UNDER EXISTING CONTRACT:			
Moiety of Surplus Profits - - - - - £.	272,210	565,276	490,510
Deduct Loss by Exchange - - - - - -	67,803	68,147	68,273
(2) Net, under Existing Contract - £.	204,407	497,129	422,237
GAIN TO GOVERNMENT under NEW AGREEMENT:			
Excess of (1) over (2) - - - - - £.	18,533	201,115	157,698

SUPPLEMENTARY STATEMENT showing the mode of Calculating the "LOSS OF EXCHANGE" under the Existing Contract.

	1876.	1877.	Year ending 30th June 1878.
NET EARNINGS - - - - - - - - *Rs.*	2,30,22,322	3,02,23,905	2,84,31,334
CHARGES UNDER EXISTING CONTRACT:			
Guaranteed Interest at 1 *s.* 10 *d.* per rupee - - *Rs.*	1,62,42,055	1,62,75,904	1,63,06,249
Interest on Overdrawn Capital - - - - - -	30,834	79,449	79,256
Contributions to the Provident Fund - - - -	2,16,381	3,01,922	2,73,584
TOTAL CHARGES - - - - - - *Rs.*	1,64,89,270	1,66,57,275	1,66,59,089
SURPLUS PROFITS - - - - - - *Rs.*	65,33,052	1,35,66,630	1,17,72,245
MOIETY - - - - - - - - - *Rs.*	32,66,526	67,83,315	58,86,122
(1) Converted at 1 *s.* 8 *d.* per rupee - - £.	272,210	565,276	490,510
If the Guaranteed Interest and Interest on Overdrawn Capital be taken at 1 *s* 8 *d.*, instead of the Contract rate of 1 *s.* 10 *d.*, the result would be:			
Guaranteed Interest at 1 *s.* 8 *d.* per rupee - - *Rs.*	1,78,66,260	1,79,03,494	1,79,36,878
Interest on Overdrawn Capital - - - - - -	33,917	87,394	87,182
Contributions to the Provident Fund - - - -	2,16,381	3,01,922	2,73,584
TOTAL CHARGES - - - - - - *Rs.*	1,81,16,558	1,82,92,810	1,82,97,644
SURPLUS PROFITS - - - - - - *Rs.*	49,05,764	1,19,31,095	1,01,33,690
MOIETY - - - - - - - - - *Rs.*	24,52,882	59,65,547	50,66,845
(2) Converted at 1 *s.* 8 *d.* per rupee - - £.	204,407	497,129	422,237
LOSS TO GOVERNMENT BY CONTRACT RATE OF EXCHANGE:			
Excess of (1) over (2) - - - - - - £.	67,803	68,147	68,273

STATEMENT showing the ANNUITY that might be payable to the EAST INDIAN RAILWAY COMPANY, for 73 Years, calculated at different Rates of Interest.

	Taking Average Rate of Interest paid by Secretary of State in Council in London, during Two Years from 1st November 1876, to 31st October 1878, on his Public Obligations.	Taking Average Rate of Interest received by Purchasers of Public Obligations of Secretary of State in Council in London, without reference to terminable character of Obligations.	Taking Rate of Interest at 4 per Cent.	Taking Average Rate of Interest at which Secretary of State in Council has raised Money on Obligations in London, the Premium being taken in Reduction of Interest during Period of each Loan, but East India Bonds being treated as a perpetual Security.	Taking Average Rate of Interest received by Purchasers of Public Obligations of Secretary of State in Council in London, the Premium being taken in Reduction of Interest during Period of each Loan, but East India Bonds being treated as a perpetual Security.
	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Rate of Interest per Cent. of Stock -	4 6 -	4 4 6	4 - -	3 18 3	3 14 4½
taken for convenience at -	- - -	- - -	- - -	3 18 -	3 15 -
Additional payment for Redemption of Capital.	- 4 -	- 4 2¼	- 4 8½	- 4 11	- 5 4
	4 10 -	4 8 8¼	4 4 8½	4 2 11	4 - 4
Amount of Annuity (payable half-yearly) on commuted price of 125 *l.* per 100 *l.* Stock.	5 12 6	5 10 10¼	5 5 10½	5 3 8	5 - 5
Total Amount payable to Company Annually for Purchase of 26,200,000 *l.* Stock.	1,473,750 - -	1,452,189 - -	1,386,962 - -	1,358,033 - -	1,315,458 - -
Value, at 4 per Cent., of Annuity of that Amount for 73 Years (paid half-yearly).	34,798,531 - -	34,289,438 - -	32,749,273 - -	32,066,201 - -	31,060,903 - -

EAST INDIA (RAJPUTANA RAILWAY).

RETURN to an Address of the Honourable The House of Commons, dated 21 July 1879;—*for*,

"COPY of the PAPER drawn up by the Officials of the Government of *India*, showing the Working of the RAJPUTANA LINE of RAILWAY compared with BROAD GAUGE LINES."

India Office,
31 July 1879.

EDWARD STANHOPE,
Under Secretary of State for India.

BOMBAY BRANCH
OF THE
Royal Asiatic Society.
CLASS
(*Mr. Rathbone.*)

Ordered, by The House of Commons, *to be Printed*,
7 *August* 1879.

345.

CONTENTS.

	PAGE
Memorandum on Mr. Carroll's Paper on a comparison between Broad Gauge and Metre Gauge Railways, by Lieutenant H. Pilkington, R.E., Acting Deputy Consulting Engineer for Railways to the Government of Bombay -	3
Note on Mr. Carroll's Paper, by Mr. A. M. Rendel, C.E., Consulting Engineer for State Railways to the Secretary of State for India, dated 30th May 1879 -	8

APPENDIX.

Memorandum.—Comparison of the Rajputana Metre Gauge Railway with the Great Indian Peninsula and Bombay, Baroda, and Central India Standard Gauge Railways, by Mr. E. B. Carroll, Locomotive Superintendent of the latter Company, dated February 1879 (referred to in the above) - - -	15

COPY of the PAPER drawn up by the Officials of the Government of *India*, showing the Working of the RAJPUTANA LINE of RAILWAY compared with BROAD GAUGE LINES.

MEMORANDUM on Mr. CARROLL'S PAPER on a Comparison between BROAD GAUGE and METRE GAUGE RAILWAYS, by Lieutenant *H. Pilkington*, R.E., Acting Deputy Consulting Engineer for Railways to the Government of Bombay.

1. IN a Paper on the above subject, Mr. Carroll has selected the year 1877 to make a comparison between the Rajputana Metre Gauge Railway and Great Indian Peninsula and Bombay, Baroda, and Central India Broad Gauge Railways, but the year 1877 was a special one with regard to the two latter lines, as their receipts were so largely increased by the famine grain traffic.

2. During the first half of 1877 the Great Indian Peninsula paid a per-centage of 4 *l.* 18 *s.* for the half-year on the capital expended; this is the highest per-centage yet reached, and it is probable that so prosperous a half-year will not occur again for some time. The per-centage for the corresponding half of 1875 and 1876 were 3 *l.* 13 *s.* and £. 2·97, respectively.

3. From the Table given below, it will be seen that 1877 was an exceptional year for the Great Indian Peninsula and Bombay, Baroda, and Central India Railways, and the large increase in receipts, and proportionally higher per-centage cannot be taken as an estimate for future years:—

	Earnings.	Expenses.	Per-centage of Expenses to Earnings.	Sum of Two Half-Yearly Dividends on Capital Expended, including Rolling Stock.	Increase.
	Rs.	*Rs.*	*Per Cent.*	£.	
Great Indian Peninsula, 1875	2,15,24,577	1,01,75,860	47	4·77	
Ditto 1876	2,45,35,412	1,16,77,891	48	5·38	·61
Ditto 1877	3,27,74,150	1,58,28,683	49	6·98	1·60
Bombay, Baroda, and Central India 1875	63,86,783	34,75,021	54	3·58	
Ditto 1876	67,72,292	37,11,564	54	3·75	·17
Ditto 1877	77,98,912	32,73,330	43	5·50	1·75

The per-centage of profits on capital expended, including rolling stock on the Rajputana Line for the same three years was:—

	Earnings.	Expenses.	Per-centage of Expenses to Earnings.	Sum of Two Half-yearly Dividends on Capital Expended, including Rolling Stock.	Increase or Decrease.
	Rs.	*Rs.*	*Per Cent.*		
Rajputana, 1875 - - - -	17,46,960	11,18,691	64	3·48	—
Ditto 1876 - - - -	23,29,592	15,23,622	65	3·484	·004
Ditto 1877 - - - - -	26,96,687	18,33,368	68	3·434	—·050

but extra capital to the amount of 411,882 *l.*, or over 1,000 *l.* per mile, was expended during the two latter years, which accounts, to a great extent, for the small per-centage of profits. The earnings are steadily increasing, and it is probable that such increase will be maintained for some time to come, and that a more favourable per-centage of profits will be shown.

4. The first portion of the Rajputana Line was opened in 1873, and to Ajmere in 1875. It was the first metre-gauge system opened to traffic and worked as a State line, and experience has to be purchased at some expense, although not to the same extent as when the guaranteed railways were first opened. As the line grows older the working arrangements will become more complete, and new lines will be constructed at less cost. It is not, therefore, unreasonable to suppose that greater economy and efficiency will be the result.

5. The average number of trains each way over each mile of line, during 1877, was, on the Rajputana Line, 2·87, and on the Great Indian Peninsula 9·00, so that it will be seen that the narrow gauge was not working up to anything like its carrying capacity. A newly-opened line is always at a disadvantage with regard to other lines of longer standing; there is generally a want of proper roads to bring goods to the railway, and it takes time before traffic flows into a new channel. For this reason it would be fairer to compare the Rajputana with the Nizam's Line. Both are branch lines, situated far away from the sea, they have no large emporium of trade, such as Bombay, for a terminus, and they have to pay largely for the carriage of coal and stores from the port where they are landed. The figures given for the Nizam's Line are not absolutely correct, but they are returned by the Great Indian Peninsula as the estimated cost to the Company under the various headings. Some of the figures of the Bombay, Baroda, and Central India working during 1866, namely, two years after it was opened through to Ahmedabad, have also been taken for the purpose of comparison.

6. With reference to the cost of construction of narrow gauge line, the comparison with the Wudwan and Dakore extensions is, I think, hardly fair, as the work on these latter lines is exceptionally light, and no capital expenditure on rolling stock was incurred. A metre gauge line is undoubtedly cheaper to construct than a broad gauge line under the same circumstances. It is, however, hardly possible to arrive at any figure which would give a reliable comparison between the cost of construction of the two systems. According to the Analyses of the Revenue Account the cost per mile of the—

	£.	
Great Indian Peninsula has been - -	17,329,	including rolling stock, one-fourth double line.
Bombay, Baroda, and Central India has been	16,975 - - -	ditto - - - one-twentieth ditto.
Rajputana (metre) - - - -	6,404 - - -	ditto - - - all single.
Nizam's (broad gauge) - -	8,828,	without rolling stock, all single.
Wardha Valley ditto - - -	9,999 - - -	ditto - - - ditto.

but Mr. Carroll rightly calls the Great Indian Peninsula and Bombay, Baroda, and

and Central India pioneer lines, and there are many special circumstances to account for the large sum spent on their construction.

7. As to the metre-gauge stock carrying about half the number of passengers or weight of goods that is carried by the broad gauge, it will be seen from Mr. Carroll's figures, Table VIII., for 1877, that practically the average weight or live load of a metre-gauge passenger train on the Rajputana State Railway is 12·32 tons, while on the Great Indian Peninsula it is 12·46 tons, and on the Bombay, Baroda, and Central India 12·28 tons, thus the metre-gauge train carried more passengers than the Bombay, Baroda, and Central India train, and very nearly as many as the Great Indian Peninsula, although, no doubt, the carrying capacity of the broad-gauge stock is greater.

8. The average contents of a metre-gauge goods wagon was 2·31 tons against 3·89 tons on the Great Indian Peninsula, and 3·74 tons on the Bombay, Baroda, and Central India, or, taking the average of the broad-gauge, the proportion would be as 1:1·65.

9. Comparing the working expenses of the different lines, it is observed that, in Table II. of Mr. Carroll's Paper, "Maintenance of Line," the figures do not give the actual maintenance charges, as the amounts debited to special funds on the Great Indian Peninsula Railway have been deducted. As these funds contributed largely to the maintenance of the line they should be included, and the real charges will be—

Rajputana - - - -	1,175·76	*Rs.* per mile, or	3·85	*Rs.* per	1,000 tons miles.
Great Indian Peninsula -	2,287·48	- ditto -	1·38	-	ditto.
Bombay, Baroda, and Central India	2,250·86	- ditto -	2·57	-	ditto.

Thus the actual maintenance cost of the Rajputana line is about half that of the Great Indian Peninsula or Bombay, Baroda, and Central India, due, in a great measure, as Mr. Carroll observes, to the short time the line has been opened, but, as has been before pointed out, the traffic on the metre-gauge line was very small compared with its capabilities, and only required about one-third the number of trains run on the Great Indian Peninsula; the charges for maintenance consequently appear high when compared with the number of tons of goods hauled. With regard to the locomotive expenses, the working of a metre-gauge engine can hardly be expected to compare favourably with that of the broad gauge with the same amount of traffic; but the traffic on the Rajputana line was light for the number of engines at work, whereas the Bombay, Baroda, and Central India engines were working nearly at a maximum.

10. From the following table of locomotive working expenses—

	Cost per Train Mile.	Cost per 1,000 Ton Mile.
	Annas.	*Rs.*
Rajputana - - - - - - - -	13·59	5·83
Nizam Broad Gauge - - - - - -	13·65	4·31
Great Indian Peninsula - - - -	12·09	3·01
Bombay, Baroda and Central India - -	12·74	2·58

It will be seen that the Rajputana line compares unfavourably with the broad gauge in the cost per 1,000 ton miles, owing to the lighter loads per train, but the comparison of cost per train mile is very favourable, considering the disadvantage of the newly opened branch lines.

11. The carriage and waggon expenses are considerably less on the Rajputana than on the broad-gauge lines; but this is accounted for by the comparatively new stock on the former line, as pointed out by Mr. Carroll.

12. The traffic expenses per train mile on the three lines are:—

	Annas.
Rajputana	4·61
Great Indian Peninsula	4·31
Bombay, Baroda, and Central India	7·87

The amount given for the Rajputana line in Mr. Carroll's paper is 2·61, but this is probably a misprint.

13. The general charges per train mile are:—

	Annas.
Rajputana	5·77
Great Indian Peninsula	1·99
Bombay, Baroda, and Central India	6·71
Nizam's	5·01

But the shorter lines are always at a disadvantage in this respect, as the general administration would suffice for a longer line and more traffic.

14. In both traffic and general charges the comparison is favourable, under the circumstances, to the metre-gauge line.

15. The total working expenses per train mile are:—

	Annas.
Rajputana	35·77
Great Indian Peninsula	28·58
Bombay, Baroda, and Central India	43·24
Nizam's	36·67

These figures differ slightly from Mr. Carroll's, owing to the corrections made in maintenance charges.

The total working expenses per train mile on the Rajputana line are less than on the Nizam's, and considerably less than on the Bombay, Baroda, and Central India.

16. The cost of carrying one ton of goods one mile is:—

	Pies.
Rajputana, 1877	7·99
Nizam's (Broad Gauge), 1877	7·91
Great Indian Peninsula, 1877	4·59
Bombay, Baroda, and Central India, 1877	4·12
Ditto - ditto (two years after through running), 1866,	17·38

The cost per ton mile depends on various circumstances, such as price of fuel and labour, gradients, character and direction of traffic, &c.

The cost on the Rajputana line is a good deal higher than on the Bombay, Baroda, and Central India, but it must be remembered that the gradients are considerably longer and heavier on the narrow-gauge line, as will be seen from the following Table:—

	Total length of the following Gradients.			Total Mileage of Line.
	1 in 100 and less.	1 in 101 to 1 in 200.	1 in 201 to 1 in 300.	
	Miles.	*Miles.*	*Miles.*	
Rajputana	2·62	85·65	44·51	396·3
Bombay, Baroda, and Central India	0·27	0·54	9·69	430·78

The

The price of fuel on the Rajputana line was from 1 to 2 rupees per ton dearer than on the Bombay, Baroda, and Central India.

The cost per ton mile on the Rajputana line is less than on the Nizam's, but if we compare the metre-gauge line, which has only been open through for two years, with the Bombay, Baroda, and Central India under similar conditions in 1866,* we find that it carries one ton at less than half the cost of the broad-gauge, the inference being that the Rajputana line, as it becomes developed, will be able to reduce its carrying expenses.

17. In calculating the duty done by each locomotive, the average gross train loads should be—

Rajputana	111·3 tons.
Great Indian Peninsula	205·0 „
Bombay, Baroda, and Central India	255·1 „ (Not 316·5).

This is found by taking the total ton mileage, that of brake vans, and dividing by the total train mileage for the year. The ton mileage duty done daily by the engines will then be—

Rajputana	4,484
Bombay, Baroda, and Central India	14,923

or in the proportion of 1 : 3·32, instead of 1 : 4·13.

But it has been previously stated that the engines of the Bombay, Baroda, and Central India were much more fully employed than those on the Rajputana line, owing to the small amount of traffic that was brought on to the latter lines.

18. Mr. Carroll says that "it is cheaper to employ a boy to do a boy's work, and a man to do a man's," and he argues not so much that the metre-gauge line is a mistake altogether, but that it is a mistake to have adopted it on the Rajputana line. The comparison, however, has been made with the Rajputana line as it stands at present.

19. Putting aside the question of future extension, let it be supposed that the broad gauge had been adopted. The amount of traffic carried and the receipts would still be the same. The working expenses would certainly not be smaller, unless the line were worked as a branch of the adjacent guaranteed railways, while the interest would have to be paid on capital outlay of at least 2,000 *l.* a mile more, judging from the cost of the Nizam's and Wardha Valley lines; it would follow then that the interest on the extra cost of construction would swallow up a large amount of the profits, and although there might be a possibility of larger receipts in future years from a broad-gauge line, there would be the certainty of a smaller per-centage on capital expended during the first years of the line being opened.

20. It is not proposed here to enter into the general question of broad *versus* narrow gauge, or the disadvantage of break of gauge, but only to show that as far as the Rajputana line itself is concerned, a fair per-centage has been returned on a comparatively small original outlay, and that the metre-gauge line is capable of carrying three times the present traffic without doubling the line.

(signed) *H. Pilkington*, Lieutenant, R.E.,
Acting Deputy Consulting Engineer
for Railways.

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* *Note.*—The cost of carriage per ton mile was, however, calculated somewhat differently in 1866.

NOTE by Mr. *A. M. Rendel,* Consulting Engineer for State Railways to the Secretary of State for India, on a "Comparison of the Rajputana Metre-"Gauge Railway with the Great Indian Peninsula and Bombay, Baroda, and "Central India Standard-Gauge Railways," by Mr. *E. B. Carroll,* Locomotive Superintendent, Bombay, Baroda, and Central India Railway Company.

MR. CARROLL, the Locomotive Superintendent of the Bombay, Baroda, and Central India Railway, has issued, under date February 1879, a paper entitled "Comparison of the Rajputana Metre-Gauge Railway with the Great Indian "Peninsula and Bombay, Baroda, and Central India Standard Gauge Railways," in which conclusions are arrived at very much to the disadvantage of the metre gauge.

Being in a measure responsible for the adoption of the metre gauge in India, I have perused this paper with some interest; and as it forms the foundation of a "Memorial of the inhabitants of Bombay in public meeting assembled" to the Secretary of State, protesting against the line between Ahmedabad and Ajmere being made on that gauge, I propose to offer some remarks in reply.

For the purpose he had in view it was of course necessary for Mr. Carroll to state the conditions of a fair comparison. He commences, therefore, by saying that the Rajputana, having in 1877 been open throughout its entire length since 1875, "the result of the railway's working, that is, the cost of running its "trains, of its maintenance, &c., ought now to be about as good as they are "ever likely to be, and to form a perfectly fair basis of comparison with other "railways;" and he then proceeds to lay the results obtained in working the Rajputana in 1877, alongside those of the great Indian Peninsula and the Bombay and Baroda *in the same year.*

If Mr. Carroll had looked back at the cost of working his own line and the Great Indian Peninsula in years bygone, he would have found that they were perhaps at their worst, so far as working cost is concerned, at that period of their existence at which he states a line should be at about its best.

Even so late as 1871, a year which showed a great improvement over previous years, he would have found the working cost of the Bombay and Baroda 6·39 *s.* per train mile, against 4·84 *s.* in 1877; of the Great Indian Peninsula 5·58 *s.*, against 3·39 *s.* in 1877. The East Indian, I may add, was 3·62 *s.* in 1871, against 2·59 *s.* in 1877.

As an expert he should know that, as a great portion of the working expenses of a railway is independent of the quantity of traffic it carries, the cost of transport upon it is highest when its traffic is least, that is, as a rule, in its earliest years; and that its expenses per unit of traffic diminish as its traffic, or in other words, as its age increases. He should know, therefore, that he cannot draw a fair comparison between any two lines in the same year, unless that year satisfies the paramount condition, that the quantity of traffic on the lines compared was during that year approximately the same; and that, therefore, it is wholly unreasonable to compare the Rajpootana with the Great Indian Peninsula or Bombay and Baroda during a period when the goods traffic of the Great Indian Peninsula was six times, and that of the Bombay and Baroda three times, as great as, and when their passenger traffic was from 30 to 40 per cent. greater than that of the Rajputana.

A still graver error on Mr. Carroll's part is his selection of the *gross* ton mileage, that is, the freight and dead weight moved together, as his basis of comparison of working cost, instead of the *net* ton mileage, that is to say, the freight moved only. He does not even call attention to the fact that he is using the gross ton mileage, for he calls it simply ton mileage, and it is probable that his readers generally have hitherto supposed him to mean what is usually meant by ton mileage, namely, the net or freight.

Mr.

Mr. Carroll must be perfectly well aware that economy of railway management is not to be judged by the cost of the effort made, that is to say, the number and weight of trains run, but by the cost of the effect produced, that is to say, the freight carried; and that a large diminution may be effected in the cost per *gross* ton, moved by simply increasing the dead weight, though, of course, the cost per *net* ton, or ton of freight, would be much increased thereby. He must be aware that loud complaints have been made against the enormous proportion of dead to live weight moved upon railways in India; that it is, in fact, the crying evil of railways generally, much worse, indeed, in England than in India, and that to award the palm of merit to the line which shows the lowest cost per *gross* ton mile is very possibly to give it to the line which least deserves it.

Mr. Carroll's basis in this respect is so utterly fallacious that I shall not attempt to follow him through figures resting upon it. But I may point out that in Table 1 (Working Expenses and Profits) profits and the proportion which receipts bear to expenditure depend in a measure on the rates charged. This is not of much importance in the year Mr. Carroll has taken, but it is of very great importance in the years which I shall select for comparison.

Mr. Carroll's Tables 2 and 3 (Maintenance of Way and Locomotive), where based on the mile of railway maintained, and train mile, are not unfavourable even in 1877, to the Rajputana; where based on what he calls ton mileage, meaning thereby gross ton mileage, they are vitiated by the fallacy of the basis on which they are founded.

His Table 4 (Carriage and Waggon) is favourable to the Rajputana so far as the Great Indian Peninsula is concerned; unfavourable so far as the Bombay and Baroda is concerned. Mr. Carroll gets over this by declaring the Great Indian Peninsula charge abnormally high. I might with equal reason declare the Bombay and Baroda abnormally low. But the carriage and waggon department is comparatively a small one, and the probability is that this department of the Rajputana was going through an experimental stage, which temporarily increased its cost. Moreover, the Government charges to Revenue many things which the Companies charge, I do not say improperly, to capital.

As to Table 5 (Working Expenses, Total), the enormous variations between the two broad-gauge lines in the details, point to differences of circumstances which vitiate the whole.

As to Table 6 (Weight of Trains), the unit of traffic is not stated, and the Bombay and Baroda line goods load is put at 183·50 tons.

This must be an error. No Indian railway has yet reached this average load. The true load was, I believe, 123·5 tons. The error is repeated in Table 8.

Labour, however, is ill bestowed on figures based on thoroughly false assumptions; and I shall therefore now proceed to show that, taking fair bases of comparison, the metre gauge on the Rajputana line has already satisfied all that its promoters claimed for it, and that, though with more experience and larger traffic, better results may be looked for as years go on, it shows in 1878 a far greater measure of success than either the Great Indian Peninsula or the Bombay and Baroda at a much later period of their existence, and with a consequently much larger traffic.

I have first to establish a fair basis of comparison in respect to time. Mr. Carroll cannot object to my taking the Rajputana at as late a period as possible, that is to say, for the year 1878. The returns for that year have just been received, and show, as might be expected, a great improvement over 1877, the traffic being much larger, and the working expenses being almost exactly the same as in 1877.

In the next place, I claim a right, to which he cannot object, to compare the Rajputana with the Great Indian Peninsula, and Bombay, Baroda, and Central India at periods when the traffic upon these lines was about the same

as on the Rajputana in 1878. To arrive, however, at such periods I must go back beyond the date from which I have the necessary materials for comparison. I am content, therefore, to accept for both the broad-gauge lines, a year too favourable to them, namely, 1874. The traffic on both of them in that year, though much lower than in 1877, was still far ahead of the Rajputana. I can afford, however, to concede to Mr. Carroll this advantage, for, at nearly every point, the Rajputana in 1878 shows a clear superiority to both of them in 1874.

Lastly, I shall, of course, use the net ton mile as my standard of efficiency and economy.

The tables relating to 1874, prepared by me, and published by Mr. Danvers in his Report to the Secretary of State of the following year, have not only not been impugned, but their form has been adopted and continued in following years by the Great Indian Peninsula and other companies. I am therefore justified in using them here as correct, and shall proceed to do so, adding to them other data derived from them, to which I desire to call attention. I should state that, in regard to the sums which I have put down as the capital expenditure on the three lines, the cost of the broad-gauge lines is taken from Mr. Danvers' Report for 1874, and that of the narrow gauge from its last year's accounts, that I omit from the narrow-gauge capital the cost of land, because land is not included in the broad-gauge capital, and that I have converted rupees into sterling at 1 *s.* 10 *d.*, that being the rate of conversion in the broad-gauge accounts.

I make, then, the following comparison :—

CAPITAL.

Cost and Profit.	Great Indian Peninsula, in 1874.	Bombay, Baroda, and Central India, in 1874.	Rajputana, in 1878.
	Miles.	*Miles.*	*Miles.*
Average length open in year - - - -	1,266	424	416½
	£.	£.	£.
(1.) Capital cost to end of year named - - -	23,084,484	7,833,223	2,660,000 (for 428½ miles.)
(2.) Cost per mile of line - - - - -	18,240	18,480	6,215
(3.) Net revenue required to pay 5 per cent. interest per mile - - - - -	912	924	311
(4.) Actual net revenue per mile earned in years taken - - - - - - - -	622	590	250
(5.) Actual per-centage on capital which was given thereby - - - - - - - -	*Per Cent.* 3·4	*Per Cent.* 3·14	*Per Cent.* 4
(6.) Net revenue per mile which would have been earned on the traffic carried, if all three lines had charged Great Indian Peninsula average rates - - - - - -	£. 622	£. 700	£. 536
(7.) Per-centage of profit on capital which would have been given thereby - - - -	*Per Cent.* 3·4	*Per Cent.* 3·75	*Per Cent.* 8·6

(6.) and (7.) assume of course that the quantity of traffic and the profit upon it would not have been affected by the increase of rates on the Bombay and Baroda and the Rajputana.

Note.—Some expenditure has yet to be incurred on the Rajputana for fencing, &c., but, on the other hand, its cost was greatly enhanced by tho permanent-way materials, rolling stock, and plant generally having been purchased in England when such materials were at the highest prices ever known. This alone added at least 500 *l.* a mile to the cost of the Rajputana.

REVENUE.

(A.)

Passenger Traffic.	Great Indian Peninsula, in 1874.	Bombay, Baroda, and Central India, in 1874.	Rajputana, in 1878.
	£.	£.	£.
(8.) Receipts from passenger traffic - - -	438,544	203,382	75,457
	No.	*No.*	*No.*
(9.) Passenger train, miles run - - - -	1,467,561	482,605	400,544
	s. d.	*s. d.*	*s. d.*
(10.) Average passenger train mile receipts - -	5 11¾	8 5	3 9¼ (Note the average fares charged.)
	No.	*No.*	*No.*
(11.) Number of passengers carried one mile -	254,228,546	137,490,000	79,024,000
(12.) Average sums received for carrying a passenger one mile - - - - - -	*d.* ·414	*d.* ·355	*d.* ·227
(13.) Average number of passengers in a train at one time - - - - - - -	*No.* 173	*No.* 285	*No.* 197
(14.) Average number of passenger trains per diem each way, supposing each train to traverse the whole line open - - - -	1·59	1·56	1·32
(15.) Average number of passengers passing over each mile of line daily (both ways) - -	550	888	520
(16.) Number of passenger vehicles run one mile in year - - - - - - - - -	20,071,392	4,234,639	7,610,336
(17.) Average number of passenger vehicles in a passenger train - - - - - -	13·7	8·8	19
(18.) Average number of passengers in each vehicle Average capacity of carriages - - -	12·66 say 50?	32·5 say 70?	10·4 say 30?
(19.) Total working expenses for both goods and passengers, deducting special and miscellaneous receipts from them - - - -	£. 1,020,398	£. 257,767	£. 160,790
(20.) Average working expenditure per mile of open line - - - - - - - - -	806	608	386
(21.) Average cost of running a train one mile, passenger and goods miles assumed to cost the same - - - - - - - -	*s. d.* 5 2⅛	*s. d.* 5 3	*s. d.* 3 2¾
(22.) Average cost of carrying a passenger vehicle with its load one mile - - - -	*d.* 4·55	*d.* 7·16	*d.* 2·07
(23.) Average cost per gross ton mile moved, taking broad-gauge carriages to weigh 8 tons, narrow, 4 tons, and passengers, 12 to ton (approximate) - - - - -	·5	·65	·4
(24.) Average cost of carrying a passenger one mile - - - - - - - - -	·36	·221	·197
(25.) Average weight of passenger trains (approximate) - - - - - - - - -	*Tons.* 123	*Tons.* 94	*Tons.* 90
(26.) Proportion of line weight of passenger trains to total load (approximate) - - -	$\frac{12}{100}$	$\frac{25}{100}$	$\frac{16·5}{100}$

Note.—That the cost of carrying passenger traffic, gross and net, is lowest on the Rajputana, and that the proportion of net to gross passenger load, though best on the Bombay, Baroda, and Central India, is far worse on the Great Indian Peninsula than on the Rajputana. The superiority of the Bombay, Baroda, and Central India in this respect is probably owing to the double-storied carriages in use on that line.

(B.)

Goods Traffic.	Great Indian Peninsula, in 1874.	Bombay, Baroda, and Central India, in 1874.	Rajputana, in 1878.
	Miles.	*Miles.*	*Miles.*
Average length open in year - - - -	1,266	424	416½
	£.	£.	£.
(1.) Receipts from goods traffic - - - -	1,369,033	304,288	188,959
	No.	*No.*	*No.*
(2.) Goods train, miles run - - - -	2,457,093	499,501	595,086
	s. d.	*s. d.*	*s. d.*
(3.) Average goods train mile receipts - -	11 1¾	12 2	6 4⅛ (Note the average rates charged.)
	Tons.	*Tons.*	*Tons.*
(4.) Tons of goods carried one mile - - -	201,576,000	46,025,543	36,500,973
	d.	*d.*	*d.*
(5.) Average sum received for carrying one ton one mile - - - - - - - -	1·63	1·586	1·24
	Tons.	*Tons.*	*Tons.*
(6.) Average number of tons in a goods train at one time - - - - - - -	82	92	61·3
	No.	*No.*	*No.*
(7.) Average number of goods trains per diem each way, supposing each train to run over the whole line open - - - - -	2·66	1·61	1·95
	Tons.	*Tons.*	*Tons.*
(8.) Average number of tons of goods passing over each mile of line daily (both ways) - -	437	297	240
	No.	*No.*	*No.*
(9.) Number of goods vehicles run one mile in the year - - - - - - - -	58,244,333	15,363,633	13,538,206
(10.) Average number of goods vehicles in a goods train - - - - - - - -	23·7	30·75	22·75
	Tons.	*Tons.*	*Tons.*
(11.) Average number of tons in each goods vehicle	3·46	3	2·67
Average capacity of wagons - - -	say 7 tons	say 8 tons	say 5 tons
For working expenses, total, and per mile, *see* Passenger No. 19 and 20.			
	d.	*d.*	*d.*
(12.) Average cost of carrying a goods vehicle with its load one mile - - - - -	2·64	2·05	1·68
(13.) Approximate average cost of carrying one ton gross, that is, wagon and load together, one mile. (In this I take average weight of broad-gauge wagon stock at 5¾ tons, of narrow gauge at 3 tons) - - - -	·29	·23	·3
(14.) Average cost of carrying one ton of goods freight one mile - - - - -	·762	·685	·63
	Tons.	*Tons.*	*Tons.*
(15.) Average weight of goods train, approximate	218	271	129
(16.) Approximate proportion of live load to total weight of train in goods trains - - -	$\frac{38}{100}$	$\frac{34}{100}$	$\frac{48}{100}$

Note.—That while the cost per *gross* ton mile is highest on the Rajputana, the cost per *net* ton mile is lowest on that line, which shows the fallacy of a *gross* ton mile basis; and the proportion of net to gross load is much the best on the Rajputana.

To these tables let me add that, in regard to gradients, omitting the Ghauts on the Great Indian Peninsula, which affect but a small portion of it, that line is not materially worse than the Rajputana, there being, I believe, on the Rajputana upwards of 70 miles out of 420 on an incline of 1 in 150 or less, while the Bombay and Baroda is practically a level line; that the water on the Rajputana is exceptionally bad, and has a most injurious effect on the development of locomotive power and the durability of locomotive boilers, and that fuel, as Mr. Carroll admits, is dearer on the Rajputana than on either of the broad gauge lines.

I confess I was not prepared to find the Rajputana compare so favourably with lines three times its age, like the Great Indian Peninsula and the Bombay and Baroda, for it must be remembered that nearly every portion of the structure and rolling stock of the narrow gauge lines involves a departure from established patterns and experience, and that some mistakes and consequent waste were therefore inevitable, and have to be corrected at the cost of revenue.

But whatever be its present shortcomings, it exhibits a railway equal, for all the purposes it is intended to serve, to either of the Bombay lines, yet built at little more than one-third their cost per mile; working at lower cost, in spite of a much smaller traffic, and more unfavourable mechanical conditions; and paying a higher dividend than either, although its rates are so low, that had its traffic been carried at the charges levied by the Great Indian Peninsula, its profits, assuming its traffic not to have been diminished thereby, would have been double what they were.

That there is room for improvement may be conceded. But there is no reason to suppose that we shall not see in the Rajputana during the next four years the same advance in all points that we have seen in other Indian lines during the last four years. The train loads, though they were actually in 1878 in excess of the Great Indian Peninsula in 1874 in passengers, are still less than I think they ought to be both in goods and passengers; the amount of work done by the Rajputana wagon stock in 1878 was little more than one-third that done in the same year by the East Indian, amounting to only 6,000 ton miles per annum per ton of capacity, against about 16,000 ton miles on the East Indian; and the average weight of the Rajputana trains shows that the loads put behind its locomotives are less than they could easily carry. The inference is that the large indents lately sent in for more stock are in the main unnecessary, unless the increase which has taken place during the present year be, what I do not believe it is, more than can be met by good management accompanied by fair co-operation on the part of those who provide the traffic.

On the general question of the capacity of the metre gauge for traffic, results so far show, without doubt, whether we look at the Rajputana or the South Indian, that its practical capacity is not likely to be approached by the traffic brought upon it.

The Rajputana traffic in 1878 amounted to 526 passengers and 247 tons of goods passing over each mile each day on the average; and this traffic was carried in little more than three trains. Even assuming that the work per train was as much as could be expected, we know from the experience of the Tirhoot line during the Bengal famine, and from that also of the broad gauge lines, that at least 12 trains a day may be run each way on a single line. This would allow of a traffic of *at least* 1,500 passenger, and 1,200 tons of goods per mile per diem, a traffic which no line in India, except the East Indian Railway, has yet carried, unless in time of famine.

It is inconceivable that the local traffic of the Rajputana should approach these figures. The only prospect of its obtaining any large fraction of such a traffic must come from North West Province traffic passing over it to Bombay. That this will happen to some extent is, no doubt, probable, but, looking to the competing routes to Kurrachee, to Calcutta, and to Bombay by Holkar's line and Jubbulpore, the time must be distant, indeed, when the carrying powers of *the road* will be seriously tested.

30 May 1879. (signed) *A. M. Rendel.*

P.S.— Since the foregoing was written the accounts of the Great Indian Peninsula and Bombay, Baroda and Central India Railway Companies for 1878 have

have been completed and issued, and I have had an opportunity of comparing them with those of the Rajputana for the same year. The working expenses per train mile on the Great Indian Peninsula for 1878 are 3 *s.* 9 *d.*; on the Bombay and Baroda 4 *s.* 9 *d.*; on the Rajputana 3 *s.* 2¾ *d.* The working expenses per passenger mile are the same on the Bombay, Baroda, and the Rajputana, viz., ·197 *d.*, but greater on the Great Indian Peninsula than on either, namely ·209 *d.* The working expenses per ton mile are greatest on the Rajputana, ·63 *d.* against ·51 *d.* on the Great Indian Peninsula, and ·45 *d.* on the Bombay and Baroda. But then the traffic on the Rajputana was much smaller than on either of the broad gauge lines, for the daily tonnage passing over each mile of the Great Indian Peninsula was 902 tons, over the Bombay and Baroda 502 tons, over the Rajputana only 240 tons; and the daily number of passengers passing over each mile on the three lines was 768, 923 and 520 respectively.

By working expenses, in the above figures, I mean the cost of maintaining the lines, and conducting the traffic upon them, only. To arrive at the actual cost of transport upon them we should add to the working expenses fair interest on the cost of constructing them. The superior economy of the narrow gauge would then be very apparent.

But the fact is that gauge has nothing to do with the cost of transport, so long as the power of the machine is proportioned to the work to be done, a narrow gauge being probably best suited to a small traffic, and a broad gauge to a large traffic.

Assuming equally good and permanent materials to be supplied in each case, working expenses depend chiefly on the quantity of the traffic carried, on its management, and on physical conditions in regard to levels, coal, water, &c. If we take, for instance, the East Indian, the Madras, and the Oudh and Rohilkund broad gauge lines, and the South Indian and Rajputana narrow gauge lines in the year 1878, we find the following:—

	Broad Gauge.			Narrow Gauge.	
	East Indian.	Madras.	Oudh and Rohilkund.	South Indian.	Rajputana.
Length of Line open	*Miles.* 1,504	*Miles.* 858	*Miles.* 544	*Miles.* 611	*Miles.* 416½
Average number of passengers in trains at one time	229	205	316	290	197
Average number of passengers passing over each mile daily	1,140	536	796	830	520
Cost of carrying a passenger one mile	*d.* ·15	*d.* ·234	*d.* ·1059	*d.* ·1327	*d.* ·197
Number of tons of goods in trains at one time	*Tons.* 130·8	*Tons.* 53·7	*Tons.* 92	*Tons.* 50	*Tons.* 61·3
Number of tons of goods passing over each mile daily	1,280	229·5	400	120	240
Cost of carrying one ton one mile	*d.* ·26	*d.* ·895	*d.* ·366	*d.* ·77	*d.* ·63
Cost of running a train (passenger or goods) one mile	*s.* *d.* 2 10¼	*s.* *d.* 4 −½	*s.* *d.* 2 9½	*s.* *d.* 3 2½	*s.* *d.* 3 2¾

These figures, it must be remembered, assume a passenger and a goods train mile to cost the same. An error in this assumption, however serious, would not affect the general result, and the difference between the two is at any rate small.

The average loads per train on the South Indian, are also, to a certain extent, assumed, in default of the requisite materials to determine them accurately. If the goods train loads are assumed too high, those of the passenger train are too low, and *vice versâ*. And I should notice that the Oudh and Rohilkund cost per

per train mile is somewhat abnormally low, owing to the large receipts of that company in 1879, from wagons hired to, or running on other lines, which receipts go, in my method of stating the costs, in reduction of working expenses.

Now, in these figures, if we compare the Rajputana narrow gauge with the Madras broad gauge, two lines having almost exactly the same quantity of traffic, and somewhat similar physical conditions, we find the narrow gauge beating the broad in goods train loads, and nearly equal to it in passenger, and carrying its traffic at far smaller cost per passenger mile, per ton mile, and per train mile. The South Indian narrow gauge line shows equally well beside the Madras. But both these narrow gauge lines show ill beside the broad gauge, Oudh and Rohilkund, and the East Indian. If this were due to gauge they would look equally ill beside the Madras. The cause is clearly something independent of gauge; quantity of traffic being evidently very important.

With more traffic and experience, I have no doubt that the Rajpootana will show, as nearly all other Indian lines have done, a constant improvement, and also that its working cost is independent of gauge, unless indeed its traffic reaches to something like that of the East Indian. When that time comes, the financial position of the line will be such that we may view a change, if change be thought desirable, with equanimity. I am only afraid that that time will never come.

(signed) *A. M. Rendel.*

24 July 1879.

APPENDIX.

MEMORANDUM.

COMPARISON of the Rajputana Metre Gauge Railway with the Great Indian Peninsula and Bombay, Baroda, and Central India Standard Gauge Railways, by Mr. *E. B. Carroll*, Locomotive Superintendent of the latter Company; dated — February 1879.

IN 1873 the first portion of the Rajputana Railway was opened, and in 1875 the full length, Delhi and Agra to Ajmere. The result of the railway's working, that is the cost of running its trains, of its maintenance, &c., ought now to be about as good as they are ever likely to be, and to form a perfectly fair basis of comparison with other railways.

In one important respect, the maintenance of the line and stock, it must cost more rather than less in time to come as they get older.

This does not of course refer to profits; they may and probably will increase as more business is done and more money turned over.

But before comparing working expenses, the much debated question of the relative cost of constructing the Rajputana and other lines may be again referred to on the latest data available.

At the end of the year 1877, the latest date to which analysis of accounts are published, the open mileage of the Rajputana Railway was 396 miles, and the capital outlay 2,538,246 *l.*, or cost per mile 6,404 *l.*

The last half-yearly account, June 1878, gives estimate of further capital expenditure on the 396 miles of *Rs.* 34,61,646. In these figures Government reduces rupees to pounds at 2 *s.*; for comparison, therefore, the additions have to be calculated at the same rate, and will equal 346,164 *l.*

When these estimated works are completed the cost of the Rajpootana Railway will be 7,283 *l.* per mile.

But the line is unfenced, and for comparison with the Great Indian Peninsula and Bombay, Baroda, and Central India Railways, which are fenced, the cost of this must be put down. The lowest rate at which any sort of fencing with gates and lodges could be provided is 200 *l.* per mile; this would bring the Rajputana up to 7,483 *l.* per mile.

Whether this will be the whole expenditure on line and works it may be impossible to say now, but the probabilities are it will not be. Certainly as regards rolling stock there seems no doubt further additions, and large ones, will be needed.

The rolling stock at the end of the half-year June 1878 was 70 engines, 236 carriages, and 1,064 waggons; or 0·17 engines per mile, 0·6 carriages, and 2·68 waggons. The proportion on the Bombay, Baroda, and Central India, including some additions intended, is 0·2 engines, 0·8 carriages, and 6·0 waggons, and on the Great Indian Peninsula 0·33 engines, 1·03 carriages, and 6·2 waggons.

The metre gauge stock only carries about half the number of passengers or weight of

goods, and the engines are in like proportion. Allowing for this it is clearly much under provided. An expenditure of only 204,732 *l.* (with the fencing) will bring the cost of the Rajputana up to 8,000 *l.* per mile; that sum will easily disappear in providing a proper proportion of stock; so it may be safely reckoned on that the Rajputana Railway will cost 8,000 *l.* per mile or over. And be it remembered that its cost is already estimated up to 7,283 *l.*; there is no conjecture about this latter figure.

The above is without counting that when the connection is made between the Rajputana and Bombay, Baroda, and Central India, and through traffic established, further increases will be necessary to bring the metre gauge up to the capacity required by the broad gauge lines, with which it connects, and that probably some of it must be laid with a double line to do so.

The early lines in India certainly cost a great deal more than 8,000 *l.* per mile; but the cause of this was that they were pioneer lines on which everything had to be learned and experience bought at a high price. But advocates of the narrow gauge have been disingenuous enough to ascribe the high cost to the gauge; that is to say, because the rails are 66 inches apart instead of 39⅜, the lines cost 16,000 *l.* instead of 8,000 *l.*

The statement was always too absurd to require to be refuted, but the question is now fortunately beyond the region of dispute or conjecture, as recent years have seen the completion of some broad gauge lines at very different rates of cost.

The Oudh and Rohilkund has cost 9,733 *l.* per mile, the Wudwan Extension of the Bombay, Baroda, and Central India 7,200 *l.*, the Dakore Extension 4,000 *l.* for the line, or about 5,700 *l.* with proportion for stock, workshops, offices, &c.

The Oudh line, indeed, belongs partly to the category of pioneer lines, as only part of it was made since we have been able to get at lower rates of construction, and the whole could now no doubt be built for less.

The Dakore line, it should be stated, is on a very easy country, and under favourable conditions; but, on the other hand, it has a full-size permanent way with 60 lb. rail.

The Wudwan line, though on a country easier than the average of the Rajputana Railway, does not owe such a great deal to that, and has a first-class heavy permanent way with 60 lb. rail, and is fenced throughout. The Rajputana has only 36 and 40 lb. rails, and is not fenced.

In spite, then, of the Rajputana being metre gauge with light rails, we find its cost creeping up to a higher figure than the Wudwan line, with standard gauge and heavy permanent way. Much has to be allowed, no doubt, for the fact, now at length discovered by its constructors, that it must be one of the trunk lines of India, and provided accordingly.

But if this is the cause of its higher and increasing cost, as doubtless it is, there is no escape from the dilemma that a palpable error has been committed in the selection of the metre gauge for this trunk line.

The net result, it appears, then, will be that this disjunctive system of railways, which is being placed between Bombay and the Punjab, will not cost the country a rupee less than if the standard gauge of 5·6 had been carried through.

And what does the country get? A railway communication which, as the following figures show, has scarcely one-fourth the possible capacity of the broad gauge, will always be dearer to work, can never carry either goods or passengers so cheaply or so quickly, and has a break of gauge at both ends.

Coming now to the comparative working expenses—the cost at which the two classes of railways can convey freight, which is perhaps the most important matter to the public, as affecting their permanent interests—it should be remarked that figures of working-cost are very variable, according to the circumstances of the railways, and require to be carefully scrutinised, and brought down to general averages to have their bearing fully realised.

Taking first the maintenance of line, the Rajputana at a glance appears favourably, costing 587·88 rupees per mile, against 717·11 rupees for the Great Indian Peninsula, and 1,111·38 rupees for the Bombay, Baroda, and Central India; but averaging the maintenance charges over the work done upon each line, the results are very different. The Rajputana costs 3·83 rupees per each 1,000 tons taken over a mile of line; the Great Indian Peninsula costs 0·877 rupees; the Bombay, Baroda, and Central India, 2·54 rupees. The Great Indian Peninsula is less than a rupee; the Bombay, Baroda, and Central India, 2½ rupees; and the Rajputana nearly 4 rupees.

Of course much in these figures depends on the tonnage passing over the line; but, on the other hand, the Great Indian Peninsula, and Bombay, Baroda, and Central India are incurring large outlay in renewal, especially the Bombay, Baroda, and Central India, on its bridges, while the metre gauge line is nearly new. These results point to no advantage, but much the contrary in its maintenance.

On this question the manager of the line remarks, that the "rails require to have fish "joints substituted for clip joints," and "that it seems doubtful the sleepers will last very "long, owing to frequent re-spiking." "Excessive wear from frequent packing up neces- "sitated by the short sleepers and overhanging stock, is also likely to have a prejudicial "effect on the life of the sleepers."

This

This is no more than competent engineers long ago predicted would be the result of narrowing the way, and attempting to carry disproportioned vehicles upon it.

Next, as regards locomotive power, taking the most important items, the Rajputana costs for driving the engines 3·38 annas per each train mile, the Great Indian Peninsula 2·57, and the Bombay, Baroda, and Central India 2·05. Considering that a metre gauge locomotive is a small affair, and, as some figures to follow will show, does only one-fourth the duty of a broad gauge locomotive, this cost of driving one-third more for the small engine and train is not promising, and, no doubt, partly arises from slower speeds and longer time taken to do the distances.

The comparison is still more unfavourable, however, when reduced to the average cost of hauling 1,000 tons one mile, the Rajputana being 1·45 rupees, the Great Indian Peninsula 0·64, the Bombay, Baroda, and Central India, 0·42. The Bombay, Baroda, and Central India less than half a rupee, the Great Indian Peninsula a little over a half, and the Rajputana nearly one and a half.

Then in coal and other fuel, the Rajputana costs 5·74 annas per train mile, the Great Indian Peninsula 5·85, the Bombay, Baroda, and Central India 5·88. Or per 1,000 ton miles, Rajputana 2·46 rupees, Great Indian Peninsula 1·45 rupees, Bombay, Baroda, and Central India 1·19 rupees. Similarly to the driving, this is a very unsatisfactory result; the metre gauge small engine and train costs almost as much for fuel per mile as the large broad gauge engine and train, and per 1,000 ton miles coal on the metre gauge cost nearly double as much as on the broad gauge.

A certain credit must be allowed to Rajputana for dearer coal; it cost 20 rupees per ton, the cost on Bombay, Baroda, and Central India is 18 to 19 rupees per ton, and the Great Indian Peninsula is lower than either, owing to partial use of native coal. Deducting for this so as to make the comparison perfectly fair, the figures would stand, Rajputana per 1,000 ton miles 1·845 rupees, Bombay, Baroda, and Central India 1·19 rupees.

Passing the other detail items and taking the total, the Rajputana costs per train mile for locomotive power 13·59 annas, the Great Indian Peninsula 12·09 annas, the Bombay, Baroda, and Central India 12·74 annas; or per 1,000 ton mile, Rajputana 5·83 rupees, Great Indian Peninsula 3·01 rupees, Bombay, Baroda, and Central India 2·58 rupees. In other words, it costs the metre gauge nearly 6 rupees to do the work which is done on the Great Indian Peninsula for 3 rupees, and the Bombay, Baroda, and Central India for about 2½.

Next, the carr[illegible]e and waggon expenses: in this the Rajputana is comparatively favourable, owing to lo[illegible]r expenditure in repairs of carriage and waggons. This, of course, is to be expected: none of the stock is more than six years old, while that on the Great Indian Peninsula, and Bombay, Baroda, and Central India require large annual replacements and heavy repairs. For this reason, and the year 1877 being the famine year, the Great Indian Peninsula is unusually high, large expenditure having been incurred on renewals. The figures are per train mile, Rajputana 2·80 annas, Great Indian Peninsula 4·65 annas, Bombay, Baroda, and Central India 3·03 annas; and per 1,000 vehicle miles, Rajputana 7·82 rupees, Great Indian Peninsula 14·21 rupees, Bombay, Baroda, and Central India 7·41 rupees. In the latter form of average the Bombay, Baroda, and Central India is a little lower than the Rajputana, though much of its stock is 15 to 20 years old, and none of the Rajputana more than 6 years, and though each vehicle represents twice the value, and each mile three to four times the work of those on the metre gauge.

On the matter of locomotive and carriage and waggon charges, the Manager of the Rajputana Railway says:—"The high cost of working this department has been for some "time under investigation and comparison with the Oudh and Rohilkund Railway Loco- "motive Department. Reductions will, if possible, be made, but do not appear possible "or probable to any large extent, for what may be saved by the economies which expe- "rience may show to be practicable on the one hand, will mostly be met by the inevitable "necessity of reconstruction for the up-keep of the rolling-stock when it gets older. This "remark applies equally to the permanent way."

Elsewhere the Manager says:—"The waggons have been found too weak in the under- "frames, and vertical cross-bracing is now being put on to prevent the whipping in of the "sole bars from the leverage of the angle plates bolted to them to rest on the springs; it "has also been necessary to truss horizontally the underframes to distribute the blows on "the headstocks."

Stripped of technical terms, this simply means that the overhanging weight caused by narrowing the base on which the waggons and carriages run is telling seriously upon them, and they will apparently not have the durability of broad gauge stock.

The above classes of charges, maintenance, locomotive power, and carriage and waggon expenses, are the ones in which the main difference between the metre gauge and broad gauge must always lie, and on the relative cost of which the failure of the metre gauge to compete with the broad is proved.

Traffic charges and general charges may be the same for either class of railway, for the same amount of business, the gauge has no effect upon them, but to complete the comparison, the totals of all, including these, are given (Appendix 5), and are, Rajputana 33·76 annas, Great Indian Peninsula 26·55, Bombay, Baroda, and Central India 42·96.

This seems at first sight in favour of the metre gauge, but it is the same point again. Measured by the amount of duty which the train mile represents on the Bombay, Baroda,

and Central India, and which costs 42·96 annas, it is twice and one-third more than that on the Rajuptana (*See* Appendix 6).

To put it another way: if the duty per train mile on the metre gauge is brought to the same standard as on the Bombay, Baroda, and Central India, its cost is 78·77 annas as against 42·96 annas for the Bombay, Baroda, and Central India.

Another important comparison is the duty done by each locomotive; the average daily mileage is, Rajputana, 40·29 miles; Bombay, Baroda, and Central India, 58·5 miles. The average gross train is, Rajputana, 111·28 tons; Bombay, Baroda, and Central India, 316·5 tons (the Great Indian Peninsula account is incomplete). Multiplying these figures one by the other, gives the ton mileage duty done by the engines, and the figures are, Rajputana, 4,483; Bombay, Baroda, and Central India, 18,515 ton miles.

The duty done by a Bombay, Baroda, and Central India Railway locomotive engine is more than four times that done by the metre gauge engine.

There are other figures showing that the broad gauge takes a larger number of vehicles in a train, and more in each vehicle. That the average gross train load of the Rajputana is about 123 tons, of the Great Indian Peninsula, 170 tons: and of the Bombay, Baroda, and Central India, 286 tons. That the percentage of working expenses to receipts is, Rajputana, 68·11 per cent.; Great Indian Peninsula, 49·03; Bombay, Baroda, and Central India, 42·84 per cent. The cost of carrying a unit of traffic is for passenger traffic, Rajputana, 29·5 pies; Great Indian Peninsula, 17·41 pies; Bombay, Baroda, and Central India, 19·61 pies; or for goods traffic, Rajpootana, 7·79 pies; Great Indian Peninsula, 4·59 pies; Bombay, Baroda, and Central India, 4·82 pies. These last are most important figures, as showing the net result of all charges distributed over the work.

All these particulars are taken from the accounts audited by Government, and may be perfectly relied upon. With regard to the Great Indian Peninsula, it may be pointed out that the year 1877 was the famine year, and the profits made large, but this does not favourably influence the figures which have been the subject of comparison above; on the contrary, the mileage and tonnage expenses are the worse for this, and it cannot be said that the Rajputana suffers unfairly by comparison with an abnormal year on the Great Indian Peninsula. This is not the case.

All the figures quoted point in the same direction; the metre gauge may make a good profit. This is a question of its first cost, or the charges per train mile may in some things be moderate; this is because the train is very small. But in every case where it is judged by the actual work done in tonnage, number, and distance, it is far inferior to the broad gauge.

No other result could be expected. It never can be an economical arrangement to employ two or three trains and four locomotives to do the work now done by one train and locomotive; yet this is what it has been wilfully elected to try upon the Rajputana Railway.

The object of these remarks is to show the facts and not to disparage the narrow gauge. Let it therefore get credit for the cases where it is serviceable. Just because its line, engine, and train are small it would work more economically where the traffic is proportionately small and not enough to usefully employ the broad gauge, the same as it is cheaper to employ a boy to do boy's work, and a man to do man's.

But the narrow gauge should never have been upon the Rajputana district between Bombay, Delhi, and Agra. On this line and with this traffic, which is destined to increase largely above what it is now, the small size is a positive hindrance; it will always be a dead weight upon the traffic, making it more expensive, slower, and more inconvenient.

It has already been shown that the cost of construction of the Rajputana line is coming up to or exceeding that for which broad gauge lines have been built.

That owing to the small comparative capacity of the Rajputana metre gauge its stock must be very numerous to meet the requirements of the broad gauge lines with which it connects, and the extra cost of this stock will absorb any saving which would be on the line alone.

At the same time the figures of actual working lead irresistibly to the conclusion that traffic must always cost more to convey over this metre gauge line than had it been a broad gauge.

We have, therefore, the result that breaks of gauge have been artificially created at Delhi, at Agra, and to be at the station where the Bombay, Baroda, and Central India will be joined. That we have a line of inferior capacity unable to meet an emergency, and that must cost more to work than broad gauge. This deplorable result is being obtained without the prospect of saving a single rupee in capital outlay, and with the certainty of an inferior revenue in the future.

(signed *E. B. Carroll*, M. INST. C.E.,
Locomotive and Carriage Superintendent,
Bombay, February 1879. Bombay, Baroda, and Central India Railway.

I.

Rajputana State Railway (Metre Gauge) compared with Great Indian Peninsula and Bombay, Baroda, and Central India Railways.

TOTAL WORKING EXPENSES AND PROFITS.

FOR THE YEAR 1877.

	Rajputana.	Great Indian Peninsula.	Bombay, Baroda, and Central India.
Capital Expended - - - - - - - £.	2,538,240	22,145,353	7,538,220
Per centage of Profits - - - - - - -	3·43	6·98	5·50
Earnings - - - - - - - Rs.	26,96,687	3,27,74,150	77,98,912
Expenses - - - - - - - Rs.	18,33,367	1,58,28,683	32,73,330
Profits - - - - - - - - Rs.	8,63,320	1,69,45,467	45,25,582
Per-centage of Expenses to Earnings - - -	68·11	49·03	42·84
Earnings per Train Mile - - - Rs.	3·25	3·87	6·38
Expenses - ditto - - - - Rs.	2·21	1·88	2·70
Profits - ditto - - - - Rs.	1·04	1·99	3·68

II.

Rajputana State Railway (Metre Gauge) compared with Great Indian Peninsula and Bombay, Baroda, and Central India Railways.

WORKING EXPENSES—MAINTENANCE OF LINE.

FOR THE YEAR 1877.

	Rajputana.		Great Indian Peninsula.		Bombay, Baroda, and Central India.	
Mileage of Line Maintained - -	396·30		1278·76		430·78	
Ton Mileage - - - - - -	120,876,767		2,119,222,775		376,721,980	
	Per Mile of Line Maintained.	Per 1,000 Ton Miles.	Per Mile of Line Maintained.	Per 1,000 Ton Miles.	Per Mile of Line Maintained.	Per 1,000 Ton Miles.
	Rs.	Rs.	Rs	Rs.	Rs.	Rs.
General Superintendence - - -	158·56	1·04	154·86	0·190	224·86	0·53
Maintenance and Renewal of Permanent Way.	300·19	1·95	780·04	0·955	436·34	1·03
Repairs of Bridges - - - -	13·63	0·09	115·25	0·141	353·27	0·73
Repairs of Stations and Buildings -	30·08	0·20	76·70	0·093	84·34	0·21
Maintenance by Contract - - -	56·42	0·37	–	–	8·90	0·02
New Minor Works - - - -	15·95	0·10	2·40	0·003	–	–
Unclassified Expenditure - - -	13·05	0·08	17·56	0·022	18·00	0·05
	–	–	1146·81	1·404	1125·71	2·57
Less - - - - - - -	–	–	429·70	0·527	14·33	0·03
TOTAL - - -	587·88	3·83	717·11	0·877	1111·38	2·54

III.

Rajputana State Railway (Metre Gauge) compared with Great Indian Peninsula and Bombay, Baroda and Central India Railways.

WORKING EXPENSES—LOCOMOTIVE POWER.

FOR THE YEAR 1877.

	Rajputana.		Great Indian Peninsula.		Bombay, Baroda and Central India.	
Train Mileage	828,012		8,430,578		1,207,599	
Ton Mileage	120,876,767		2,119,222,775		376,721,980	
	Per Train Mile.	Per 1,000 Ton Miles.	Per Train Mile.	Per 1,000 Ton Miles.	Per Train Mile.	Per 1,000 Ton Miles.
	Ans.	*Rs.*	*Ans.*	*Rs.*	*Ans.*	*Rs.*
General Superintendence	1·05	0·48	0·58	0·15	1·31	0·27
Driving	3·38	1·45	2·57	0·64	2·05	0·42
Cleaning, Fuelling	0·28	0·12	0·41	0·10	0·58	0·09
Coal and other Fuel	5·74	2·46	5·85	1·45	5·88	1·19
Repairs and Renewals	2·14	0·89	1·96	0·49	2·35	0·50
Water, Oil, and Minor Charges	1·00	0·43	0·72	0·18	0·57	0·11
TOTAL	13·59	5·83	12·09	3·01	12·74	2·58

It costs the Rajputana Railway for locomotive power to haul 1,000 tons one mile, 5·83 rupees.

It costs the two broad gauge lines, Great Indian Peninsula, and Bombay, Baroda, and Central India, 3·01 and 2·58 rupees respectively to do the same work.

IV.

Rajputana State Railway (Metre Gauge) compared with Great Indian Peninsula and Bombay, Baroda and Central India Railways.

WORKING EXPENSES—CARRIAGE AND WAGGON DEPARTMENT.

FOR THE YEAR 1877.

	Rajputana.		Great Indian Peninsula.		Bombay, Baroda and Central India.	
Train Mileage	828,012		8,430,578		1,207,599	
Vehicle Mileage	18,543,244		172,478,568		31,314,236	
	Per Train Mile.	Per 1,000 Vehicle Miles.	Per Train Mile.	Per 1,000 Vehicle Miles.	Per Train Mile.	Per 1,000 Vehicle Miles.
	Ans.	*Rs.*	*Ans.*	*Rs*	*Ans.*	*Rs.*
General Superintendence	0·30	0·83	0·16	0·49	0·45	1·12
Repairs and Renewals:						
Coaching	1·28	8·05	0·63	12·72	0·65	5·63
Goods	0·82	4·06	3·41	12·28	1·50	5·20
Cleaning, Oiling, and other Expenses	0·40	1·15	0·46	1·38	0·43	1·03
TOTAL	2·80	7·82	4·65	14·21	3·03	7·41

The Great Indian Peninsula is abnormally high, the Bombay, Baroda, and Central India is about a fair average, and is lower per 1,000 vehicle miles of large stock than the Rajputana with small stock. The Rajputana stock is also nearly new and should require little repair; the Bombay, Baroda and Central India is rebuilding and heavily repairing a considerable proportion of stock.

V.

Rajputana State Railway (Metre Gauge) compared with Great Indian Peninsula and Bombay, Baroda, and Central India Railways.

WORKING EXPENSES—TOTAL PER TRAIN MILE.

FOR THE YEAR 1877.

	Rajputana.	Great Indian Peninsula.	Bombay, Baroda, and Central India.
	Per Train Mile.	Per Train Mile.	Per Train Mile.
	Annas.	*Annas.*	*Annas.*
Maintenance	8·99	3·53	12·56
Locomotive Expenses	13·59	12·08	12·79
Carriage and Waggon Expenses	2·80	4·64	3·03
Traffic Expenses	2·61	4·31	7·87
General Charges	5·77	1·99	6·71
TOTAL	33·76	26·55	42·96

The total per 1,000 ton miles is not given, but the total per unit of traffic is given in Appendix 8.

VI.

Rajputana State Railway (Metre Gauge) compared with Great Indian Peninsula and Bombay, Baroda, and Central India Railways.

AVERAGE WEIGHT OF TRAINS.

FOR THE YEAR 1877.

	Freight.	Train.	TOTAL	
RAJPUTANA STATE RAILWAY:	*Tons.*	*Tons.*	*Tons.*	*Tons.*
Passenger Trains	12·33	87·73	100·06	
Goods Trains	55·29	95·55	150·84	123
Mixed Trains	27·42	91·20	118·62	
GREAT INDIAN PENINSULA RAILWAY:				
Passenger Trains	12·47	89·96	102·43	
Goods Trains	89·53	130·15	219·68	170
Mixed Trains	60·16	127·67	187·83	
BOMBAY, BARODA, AND CENTRAL INDIA RAILWAY:				
Passenger Trains	12·28	108·46	120·74	
Goods Trains	183·50	276·36	459·86	286
Mixed Trains	83·12	194·81	277·93	

The approximate average gross weights of the three classes of trains upon the three railways are :—

Rajputana.	Great Indian Peninsula.	Bombay, Baroda, and Central India.
123	170	286

The cost of hauling these trains for locomotive power only is, respectively :—

Annas.	*Annas.*	*Annas.*
13·59	12·09	12·74

VII.

Rajputana State Railway (Metre Gauge) compared with Great Indian Peninsula and Bombay, Baroda, and Central India Railways.

DUTY DONE BY STOCK.

FOR THE YEAR 1877.

	Rajputana.	Great Indian Peninsula.	Bombay, Baroda, and Central India.
Average daily ran of Locomotives - - *Miles*	40·29	84	58·5
Average Gross Train load, Goods and Passengers together - - - - - *Tons*	111·28	- -	316·5

Relative value of duty done by locomotives is represented by average gross load into average daily run, as follows:—

Rajputana - - - - - - - - - 111·28 × 40·29 = 4,483.
Bombay, Baroda, and Central India - - - - 316·5 × 58·5 = 18,515.

The figures of the Great Indian Peninsula are not complete, so comparing Bombay, Baroda, and Central India only, we find it has more than four times the duty done by each locomotive than the Rajputana.

	AVERAGE NUMBER OF VEHICLES PER TRAIN.		
	Rajputana.	Great Indian Peninsula.	Bombay, Baroda, and Central India.
Passengers - - - - - - - - -	22	16	14
Goods - - - - - - - - -	24	24·75	50
Mixed - - - - - - - - -	8	13·7	18

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	AVERAGE FREIGHT OR LIVE LOAD.		
	Rajputana.	Great Indian Peninsula.	Bombay, Baroda, and Central India.
Passenger - - - - - - - - *Tons*	12·32	12·46	12 28
Goods - - - - - - - - „	55·28	89·50	183·50
Mixed - - - - - - - - „	27·41	60·15	83·12

	AVERAGE CONTENTS OF GOODS VEHICLES.
Rajputana - - - - - - - - -	2·31 Tons.
Great Indian Peninsula - - - - - -	3·89 „
Bombay, Baroda, and Central India - - -	3·74 „

	COST OF CARRYING ONE MILE A UNIT OF TRAFFIC.		
	Rajputana.	Great Indian Peninsula.	Bombay, Baroda, and Central India.
	Pies.	*Pies.*	*Pies.*
Average of all descriptions of Passenger Traffic -	29·5	17·41	19·61
Goods - - - - - - - - -	7·79	4·59	4·12

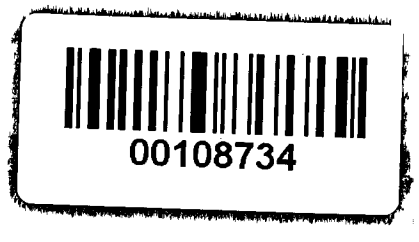
EAST INDIA (RAJPUTANA RAILWAY).

COPY of the PAPER drawn up by the Officials of the Government of *India*, showing the Working of the RAJPUTANA LINE of RAILWAY compared with BROAD GUAGE LINE.

(*Mr. Rathbone.*)

Ordered, by The House of Commons, *to be Printed,*
7 *August* 1879

Under 3 *oz.*



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